Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.900	Iran	Rls210	Philippines	Peso40
Belgium	BFr60	Israel	Shk4.50	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S.Arabia	SR8.00
Egypt	E£3.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£3,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM2.80	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bt50
Hungary	Ft162	Nigeria	Naira15	Tunisia	Din0.900
Iceland	IKr150	Norway	NKr13.00	Turkey	L5000
India	Rs25	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Tuesday December 24 1991

D 8523A

FRANKINCENSE
Why Oman is reviving the trade
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World News

IRA calls 72-hour Christmas ceasefire

The Irish Republican Army announced a three-day ceasefire from midnight yesterday, temporarily halting its bombing campaign against commercial and transport targets in the UK. Its Protestant rival, the Ulster Volunteer Force, refused to suspend its terrorist campaign.

In Northern Ireland, the IRA has planted 300 firebombs and three car bombs in a pre-Christmas blitz. In London yesterday, firebombs paralysed the London underground rail network. Page 10

Italian election
Italy's prime minister Giulio Andreotti said his government wanted a general election next April. Page 2

Violence in Cambodia
The United Nations is under pressure rapidly to increase its presence in Cambodia after violence in Phnom Penh, which threatens the country's peace agreement. Page 4

New Polish government
The Polish parliament approved a new centre-right government led by Jan Olszewski, a 61-year-old lawyer, ending two months of post-electoral political manoeuvring. Page 2

Moi sacks minister
Kenyan president Daniel arap Moi sacked a reformist cabinet minister amid signs of infighting in the ruling Kenya African National Union as it prepares for an early election. *IMF* delays loan, Page 4

Soviet Jews bombed
A remote-control bomb outside Budapest airport blasted a coach carrying more than 40 Soviet Jewish émigrés to Israel. Two policemen were seriously injured and four émigrés hurt. Israel said it would avenge the attack.

Iraq invites Kurds
Kurdish leaders said the Iraqi government had invited them to Baghdad to discuss its two-month economic blockade of northern Iraq. Page 4

Agent promoted
Colonel Jean-Claude Lesquer, commander of the French agents who sabotaged the Rainbow Warrior anti-nuclear vessel in New Zealand in 1985, has been promoted to the rank of brigadier-general. The affair continues to poison relations between the two countries.

Hostage's body released
The body of slain US hostage William Higgins was handed over to the United States in Beirut, nearly 2½ years after a pro-Iranian group said it killed him. Page 4

Traders charged
Six former communist East German judges and prosecutors have been indicted for jailing innocent people so they could be "sold" to West Germany. They were part of a human trade under which Bonn paid East Berlin a total of DM3.5bn ($2.2bn) to allow some 33,755 political detainees to emigrate to the west.

Financial Times
The Financial Times will not be published on December 25 and 26. It will be published again on Friday December 27.

Business Summary

Dow soars as investors act on cut in US interest rates

US share prices soared in New York last night amid frantic trading as investors went on a buying binge in the wake of last Friday's big cut in interest rates by the Federal Reserve. Page 10

BRITAIN'S trade deficit increased last month to its highest level for nearly a year, with exports suffering from the effects of the slowing world economy. Page 10; Details, Page 5

ADT, Bermuda-based car auction and security group, sold its 24 per cent stake in Christies International, parent of Christie's auction house, for £46m ($83.7m) in a move to cut its debts, which were about $1bn in June. The price represents an estimated loss to ADT of about £84m on the investment. Page 11; Lex, Page 10

ARROWS: Total debts of the companies connected with the UK trade finance house closed in July are likely to be about £220m ($400m), with a shortfall of about £100m, the group's liquidators said yesterday. Page 11

GERMANY should achieve overall economic growth of around 3 per cent next year, Commerzbank said in its forecast for 1992. This would put it at the top of the growth rankings of the Group of Seven leading industrialised countries. Page 2

CONTINENTAL, German tyre and rubber products company, expects turnover to rise by 10 per cent next year to around DM10bn ($6.5bn), with the world tyre market growing by only 2 per cent. Page 13

TOURANG, successful bidder for Australia's Fairfax newspaper group, formally completed the acquisition, in spite of a court action brought by Independent Newspapers, Irish media group, a rival bidder. Page 13

INDIA will need to create 10m extra jobs each year for the next 10 years to reach a state of near-full employment at the turn of the century, according to the country's planning commission. Page 4

J. SAINSBURY, UK food retailer, had its debt rating cut by Standard & Poor's as the US credit agency expressed concern at the intensification of competition in the UK market and the "unclear" trends in consumer spending. Page 11

M-NET, South African pay television channel, is investing R260m ($95m) in a consortium which will buy FilmNet International Holdings, European subscription television operation, from the Swedish company, Esselte. Page 13

LONDON Metal Exchange, world's main terminal market for physical metal, is running out of storage space in its warehouses. Metal is flooding in because of the recession still gripping much of the industrialised world, and the exchange has warned clients not to ship stocks before checking that warehouses have enough capacity. Page 16

VENEZUELA's national oil company, PDVSA, announced its budget for 1992 will be $10.3bn, the largest in its history. Page 3

TYCOON
Barry Riley's board game for Christmas capitalists
Page 9

Bundesbank move increases pressure for realignment of currencies in ERM

France, Italy and Spain lift rates

By Peter Marsh in London, **Alice Rawsthorn** in Paris, **Robert Graham** in Rome and **Peter Bruce** in Madrid

FRANCE, Italy and Spain yesterday increased their domestic interest rates in response to last Thursday's decision by the Bundesbank to tighten German monetary policy.

The increases further weakened the British government's ability to resist a politically damaging rise in UK interest rates ahead of next year's general election.

If pressure on the pound continues when trading on currency markets picks up after Christmas, Mr Norman Lamont, the UK chancellor of the exchequer, may be forced to increase base rates from their current 10.5 per cent to prevent sterling falling to the bottom of its 6 per cent band in the exchange rate mechanism of the European monetary system.

Partly foreshadowing a rise in UK base rates, the three-month interbank rate, at which banks lend among themselves, rose yesterday by roughly ¼ percentage point to close at about 11¼ per cent. Shares were hit by the gloom surrounding sterling, and the FT-SE index closed last night down 12.7 at 2,345.4.

In the case of France and Italy, the moves may lead to a further slowing in these countries' already faltering economies. They may result in fresh calls for a realignment in the European exchange rate mechanism to reduce pressures on individual ERM currencies and safeguard economic growth across Europe.

The move by the Bundesbank, the German central bank, led more foreign exchange investors yesterday to switch money into D-Marks and added to the strains within the ERM caused in recent months by the strong German currency, the system's linchpin.

The actions to raise rates in France, Italy and Spain followed similar decisions at the end of last week by Belgium, the Netherlands, Ireland and Denmark.

Yesterday's moves reflect fears in the three countries concerned that, unless they made their currencies more attractive to international investors, they could fall to their lowest levels allowed in the ERM.

In France, the monetary authorities raised the key intervention rate for the second time in little more than a month, increasing it from 9.25 to 9.6 per cent to protect the franc. The French central bank also raised its repurchase rate, the other main money market rate, by half a percentage point to 10.5 per cent.

When German interest rates rose, the franc immediately came under pressure and another increase in French rates appeared inevitable.

The rise in interest rates comes at a sensitive time for France's socialist government, which has seen its opinion poll rating fall sharply this year, partly because of concern about the economic slowdown and rising unemployment.

Italy increased the official discount rate from 11.5 per cent to 12 per cent. The move has undermined government growth calculations in the 1992 budget and will complicate efforts to hold down the public sector deficit – taken up by debt service payments.

The Bank of Spain held back from raising its benchmark intervention rate, currently 12.5 per cent, but lifted two overnight rates. The Bank raised its daily assistance rate 25 basis points to 12.75 per cent and its overnight repurchase rate also by 25 basis points to 12.45 per cent. Both moves, though triggered partly by the Bundebank decision, also appear to have been motivated by fears of higher inflation.

Bonn recognises independence of Slovenia, Croatia

By Laura Silber in Belgrade and **Judy Dempsey** in London

GERMANY broke European Community ranks yesterday by recognising the independence of Slovenia and Croatia, the breakaway Yugoslav republics.

The decision, made amid mounting fears that the civil war would spread to other parts of the country, in effect ends the formal existence of Yugoslavia as a state.

Bonn's recognition of the two republics coincided with the appointment of General Marko Negovanovic as the new defence minister in the republic of Serbia.

Mr Negovanovic, former deputy federal defence minister, who once headed counter-intelligence, is a hardliner who has repeatedly opposed the June 25 independence declarations of Slovenia and Croatia.

His appointment is a clear signal that the goals of the Serb-dominated federal army, and those of Mr Slobodan Milosevic, the president of Serbia, now coincide.

The federal army is in need of finances and a state, now that Yugoslavia has collapsed. Mr Milosevic needs an army which will support him in his territorial ambitions aimed at creating a greater Serbia.

In Belgrade, the Serbian capital, the republic's government yesterday recognised the independence of the self-proclaimed Serb region of Krajina, Croatia, as renewed fighting flared in the breakaway republic.

The Serbian parliament is expected later this week to approve the government decision which in effect shows Serbia's determination to hold on to Serb-inhabited parts of Croatia.

The Serb-dominated federal army controls about a third of Croatia. But Mr Franjo Tudjman, the president of Croatia, said in a televised speech on Sunday that Croatia would regain all its territory.

For its part, Serbia has said that Croatia has the right to independence but that its 600,000-strong Serb minority, which make up 12 per cent of the republic's population, must be allowed to remain with Serbia in Yugoslavia.

The Serb-controlled state presidency has also appealed for the deployment of United Nations peacekeeping forces fearing that violence would spill over into Bosnia-Hercegovina, whose mixed population of Slavic Moslems, Serbs and Croats is sandwiched between Croatia and Serbia.

Meanwhile Serbian and Croatian media reported continued fighting in central Croatia, although fighting appeared to ease in eastern Croatia around Osijek, the embattled regional capital.

Season's greetings: Croatian forces at the front line town of Karlovac receive a visit from Santa Claus – bearing gifts of cigarettes – during a lull in the fighting yesterday

President Gorbachev on verge of resigning

By John Lloyd in Moscow

PRESIDENT Mikhail Gorbachev was last night on the verge of resigning after having spent most of yesterday with Mr Boris Yeltsin, in talks on transferring control of the Soviet Union's nuclear arsenal to the Russian leader.

Mr Gorbachev reportedly disclosed his intention to Mr John Major, the British prime minister, during a 30-minute telephone conversation. The Interfax newsagency in Moscow said Mr Gorbachev told Mr Major he would "announce his decision" within two days.

The Soviet leader was due to give a televised address last night, but it was put off without explanation. No new broadcasting time was set.

A British official confirmed that Mr Gorbachev's resignation was referred to during his conversation with Mr Major, but the official declined to disclose precisely what was said.

"They [Major and Gorbachev] did discuss resignation but any details are a matter for Mr Gorbachev," the official said.

Mr Gorbachev reassured Mr Major that control of the Soviet nuclear arsenal was fully guaranteed as the Soviet Union was replaced by a Commonwealth of Independent States.

Mr Major later wrote to Mr Yeltsin to make clear there
Continued on Page 10

Russia calms nerves, Page 2

EC rejects Gatt solution to farm subsidies row

By David Gardner in Brussels

THE European Community last night called for redoubled efforts to achieve a breakthrough in world trade reform talks, but made clear that any agreement would have to take account of the way in which it is reforming its farm subsidies regime.

EC trade and agriculture ministers rejected the General Agreement on Tariffs and Trade's attempt to resolve the farm trade impasse. They made clear that the paper tabled late on Friday by Mr Arthur Dunkel, Gatt director-general, "is not acceptable and therefore has to be modified."

Despite a more positive tone from the UK, and unequivocal hostility from France – backed by Ireland on the agriculture issue – there was unanimous agreement that "the paper is not balanced in total".

Yesterday's meeting was billed originally as an attempt by the EC to face down attempts by France to limit the concessions which are made on Community cereals exports in the five-year-old Uruguay Round. Instead it turned into a united defence of the European Commission's attempts to reform the Common Agricultural Policy.

The nub of the dispute with Mr Dunkel's conclusions to the Uruguay Round is that the direct payments the EC wants to make to farmers to force them to cut production and reduce exports will not be considered as "green box" subsidies – allowable because they do not distort world trade.

The EC made clear yesterday that this issue had to be addressed for the subsidy cuts called for in the talks to be made. The European Commission has been mandated to reopen negotiations to achieve this. A failure in the world trade talks, which include new agreements in sectors like services and intellectual property rights which would significantly expand international trade, would be a disaster, several ministers said.

Mr Peter Lilley, UK trade minister, said it "would be a blow to confidence just when the world and UK economies were showing signs of recovery".

But Mr Ray MacSharry, EC agriculture commissioner, reiterated that the Community's "views are going to have to be taken into account", if the Uruguay Round is to be concluded.

Farm and trade ministers of the Twelve said that "the Community has embarked upon on a far-reaching reform process of its agriculture policy" and that EC conclusions on the Dunkel text would be "evaluated in this light".

The problem for the EC is that the Dunkel draft makes it virtually impossible for the EC to make the cuts in export subsidies called for because they require that the payments to farmers be made almost on a social security basis, which the EC thinks would mean the farmers would have to cease production in those or similar areas.

CONTENTS

'Joe Who?' emerges as the possible saviour of Canada

Joe Clark, the Canadian minister of consitutional affairs, has shaken off his "Joe Who" image to emerge as the man most likely to succeed in persuading Quebec that Canada is worth preserving
Page 3

MARKETS

STERLING
New York close
$1.87525 (1.858)
London:
$1.8765 (1.86)
DM2.84 (2.855)
FFr9.71 (9.76)
SFr2.525 (2.5325)
Y237.5 (237.25)
£ index 91.8 (91.7)

GOLD
New York Comex Feb
$361.0 (360.3)
London:
$359.55 (358.25)

N SEA OIL (Argus)
Brent 15-day
$17.525 (17.55)

Chief price changes yesterday: Page 11

DOLLAR
New York: close
DM1.51935 (1.53585)
FFr5.1940 (5.2495)
SFr1.3495 (1.3642)
Y126.985 (127.525)
London:
DM1.5135 (1.5345)
FFr5.175 (5.2475)
SFr1.345 (1.3615)
Y126.5 (127.55)

US CLOSING RATES
Fed Funds: closing
3-mo Treasury Bills:
3.816% (3.755)
Long Bond:
105 19/32 (104 11/16)
yield: 7.521% (7.574)

STOCK INDICES
FT-SE 100:
2,345.4 (-12.7)
FT-A All-Share:
1,126.05 (-0.6%)
FT-SE Eurotrack 100:
1,026.29 (-6.63)
FT-A World Index:
143.79 (+1.4)
New York:
DJ Ind. Av.
3,022.59 (+88.10)
S&P Comp
396.82 (+9.78)
Tokyo: Nikkei closed

LONDON MONEY
3-month Interbank:
11 1/8 % (11%)
Liffe long gilt future:
Mar 95 9/16 (Mar96 9/32)

Russia seeks to calm west's nuclear worries

By John Lloyd in Moscow

RUSSIA'S first deputy prime minister, Mr Genady Burbulis, yesterday claimed that the agreements reached by the members of the new Commonwealth of Independent States on Saturday "represented a complete and decisive answer to the concerns of the western community on the implications of the control of nuclear arms".

He said that three of the four states possessing strategic nuclear warheads – Ukraine, Kazakhstan and Belorussia – had agreed that they be controlled by Russia, but admitted that Kazakhstan would retain strategic missiles, returning only the tactical weapons to Russia.

Mr Boris Yeltsin, the Russian president, was meeting President Mikhail Gorbachev in the Kremlin last night to discuss the hand-over of the nuclear "button" to Russian control.

Mr Burbulis said the Soviet military would remain "multinational", under the political control of the heads of the commonwealth states. However, he said that the issue of Ukraine's declaration of control over Soviet military on its territory remained to be settled at the forthcoming meeting of the heads of state in Minsk on December 30. That meeting would also discuss the future command of the Soviet military, currently under the temporary control of Marshal Yevgeny Shaposhnikov, the former Soviet defence minister.

Mr Burbulis stressed several times that the original commonwealth was established at the meeting of the three Slav states – Russia, Ukraine and Belorussia – in Minsk on December 8. The eight states which had signed protocols of agreement in Alma Ata, he said, were joining an already existing entity as equal members.

Mr Sergei Shakhrai, a Russian deputy prime minister, said all the agreements had still to be ratified by the parliaments of those states which acceded to the agreement on Saturday – but not by the parliaments of the three original founders, since these had already agreed the commonwealth was open to others.

The heads of state meet in Moscow today to discuss common economic structures, left largely untouched by the meeting in Alma Ata on Saturday which formed the commonwealth. Mr Burbulis claimed there had been agreement on the maintenance of the rouble as a common currency – though at least two states, Ukraine and Belorussia, have said they will introduce their own currency next year.

Russia is due to liberate its prices and introduce further measures of economic reform on January 2, only three days after the Minsk meeting.

Mr Alexei Kireyev, an economic adviser to the Soviet president, said last night it would be impossible to get effective agreement on common economic policies by January 2, and predicted "economic chaos" after the Russian reform.

Scepticism about the viability of the commonwealth came yesterday from both Mr Gorbachev and Mr James Baker, US secretary of state, who completed a tour of several republics last week. In an interview with Italian radio, Mr Gorbachev said: "I don't believe in this new community. I believe it cannot survive. It will not manage to create the new mechanisms of co-ordination."

In an article in the New York Times, Mr Baker said that the forces of nationalism were too strong for any effective commonwealth, and that republics would launch their own economic reforms.

Moscow women queue, tickets in hand, for fresh bread at a Moscow bakery. Stale loaves are heaped behind the counter for sale to those not prepared to endure the long wait.

Germans hail new grouping of states

By Christopher Parkes in Bonn and David Gardner in Brussels

GERMANY yesterday warmly welcomed the founding of the Commonwealth of Independent States and declared recognition as "urgent" if a political vacuum following dissolution of the Soviet Union were to be avoided.

But it seemed unwilling to press as vigorously within the European Community as it had over the recognition of Slovenia and Croatia, formalised by Germany yesterday.

Mr Hans-Dietrich Genscher, the foreign minister, said at the weekend that he had "recommended" that the EC should decide without delay on recognition of the independent states forming the commonwealth.

The EC yesterday agreed in principle to recognise the new commonwealth on the understanding that "the international rights and obligations of the former USSR, including those under the UN Charter, will continue to be exercised by Russia".

However, the EC is only prepared to recognise "the other republics constituting the commonwealth" when they receive assurances that these republics are prepared to abide by new EC guidelines which guarantee "single control" over nuclear weapons and their non-proliferation.

Germany was also prepared to send more food aid to the former USSR, President Richard von Weizsäcker said yesterday. Stressing his country's friendship and goodwill to the east bloc, he said in his Christmas broadcast that while some concern still existed about the country's strength, demands on its willingness to help were increasing.

Their actions showed that Germans took their growing responsibilities seriously. Germany was already supplying more than half the western world's aid to the former Soviet Union, he added. This winter, "we want to use all our powers to contribute to the relief of the needs of millions of people".

The first 27-tonne load of winter supplies from Germany arrived in Moscow yesterday, accompanied by the family minister, Mrs Hannelore Rönsch.

● Reuter adds from Washington: President Bush yesterday assured President Boris Yeltsin of Russia of continued US humanitarian aid, but said in a phone call he needed more time before responding to a plea for diplomatic recognition.

Commerzbank sees growth of 3% in Germany next year

By Andrew Fisher in Frankfurt

GERMANY should achieve overall economic growth of around 3 per cent next year, helped by a sharp recovery in the five new states in the country's east, Commerzbank said yesterday in its forecast for 1992.

This would put it at the top of the growth rankings of the Group of Seven leading industrialised countries. The bank warned, though, that the west German economy was subject to risks from inflation and high wage deals.

The bank said the east German economy should expand by between 10 and 15 per cent, though admittedly from a low level after the collapse which occurred following unification.

Growth in west Germany, however, would be only 2 per cent compared with 3.5 per cent this year.

The upturn in the east would still be supported by large government transfer payments, but would be given extra momentum by investments.

Next year, spending on industrial equipment and buildings in east Germany should exceed DM85bn (£29.6bn), with the modernisation of the infrastructure being a priority.

Commerzbank, one of the country's largest commercial banks, said growth in west Germany would be barely 1 per cent in the first half of 1992. Later, exports should start to pick up as foreign economies revive.

West Germany should also benefit from stronger private consumption when the income tax surcharge, introduced to help pay for unity, came off in mid-1992. Thus, the bank said west Germany's economy should expand by 3.5 per cent in the fourth quarter over the same period of this year.

Industry call for freeze in living standards

MR HEINRICH WEISS, president of the Federal Association of German Industry, the BDI, yesterday called on west Germans to freeze their standard of living for a few years to allow economic growth in east Germany, Reuter reports from Bonn, quoting the Bild newspaper.

"West Germans must be willing to freeze their standard of living for a few years and provide growth to fellow citizens in the east," Mr Weiss said.

"I am not only referring to wage agreements for employees but also to public investment," he added.

Many unions in western Germany are demanding wage rises of 10 per cent or more for 1992 after the Bonn government put a 7.5 per cent surcharge on income tax in July to help pay for unification.

Mr Weiss said he expected the east German economy would show two-digit growth next year, although it would begin from a very low level of gross national product. For west Germany, Mr Weiss expects growth of 2 per cent in 1992.

East German unemployment would hit a peak in the middle of next year. Later in the year, he said, more new jobs would be created than old jobs were cut for the first time. Many factories would start operation, improving sentiment.

● The cost of living in the west German state of North Rhine-Westphalia rose 0.1 per cent in the month to mid-December from mid-November for a year-on-year 3.9 per cent rise, the state statistics office said, Reuter reports from Düsseldorf.

In the month to mid-November, prices were up by 0.5 per cent for a year-on-year increase of 3.8 per cent.

For all of west Germany, the cost of living in November rose 0.4 per cent from October and was up 4.2 per cent from a year earlier. December preliminary cost of living figures for west Germany are expected to be published later this week.

M3 money supply tops target range

By Andrew Fisher

THE BUNDESBANK has followed up last week's surprise decision to lift the Lombard and discount rates by half a point with figures showing how growth in Germany's money supply has accelerated.

At the same time, there were reports that Mr Helmut Schlesinger, the central bank president, and Mr Hans Tietmeyer, his deputy, may have wanted only a 0.25 percentage point rise but were outvoted by their colleagues in a narrow vote. The Lombard rate now stands at 8 per cent, its highest level since the Great Depression of 1931, and the discount rate at 9.75, equalling its highest post-war level.

The central bank said that on the broad M3 measure, money supply in November expanded at an annualised rate of 5.1 per cent over the fourth quarter of 1990. This put it outside the target range of 3-5 per cent set for this year.

The November rate compared with 4.7 per cent in October and 4.5 per cent in September. Figures for the past six months show M3 has been growing at a rate that would amount to 6.5 per cent if continued over a whole year. The money supply target for 1992 is in a range of 3.5-5.5 per cent.

Bank lending to the private sector – mainly companies, including the Treuhand, the east German privatisation agency – rose by DM29bn (£10.1bn) last month, nearly twice as rapidly as in November, 1990, when the increase was DM16.4bn. In the past six months, it rose at an annual rate of 11.5 per cent.

Parliament's vote ends two months of political manoeuvring

MPs approve Polish government

By Christopher Bobinski in Warsaw and Anthony Robinson in London

THE Polish parliament yesterday approved a new centre-right government led by Mr Jan Olszewski, a 61-year-old lawyer. The vote brought to an end two months of post-electoral political manoeuvring.

The new government, formed against the wishes of President Lech Walesa, was approved by 235 deputies, including the Roman Catholic nationalist group led by the speaker of parliament, Mr Wieslaw Chrzanowski, and the Christian Democrat Centre Agreement. The Solidarity trade union and the two main farmers' parties also gave their support.

It was opposed by 60 deputies from the former Communist SLD group, while 139 abstained, including the free market Liberals (KLD) led by Mr Jan Krzysztof Bielecki, prime minister of the outgoing government whom Mr Walesa wanted to retain in office.

The new government warned that "further economic sacrifices" would be needed. But it also signalled a softening of the former government's tough IMF-backed policies by replacing Mr Leszek Balcerowicz, the outgoing finance minister, who has symbolised Poland's commitment to budgetary discipline and free market policies since 1989.

His role as head of economic policy-making in the cabinet will be taken by Mr Jerzy Eysmontt, former head of the government's Central Planning Office. Mr Karol Lutkowski, hitherto an adviser at the Finance Ministry is to be the new finance minister.

The changes leave Mr Balcerowicz, who has no party political affiliation, without a clear public role. A source close to the former deputy premier said "he will certainly write a book about economics".

The new government will continue to privatise the economy but is expected to renegotiate the terms of its agreement with the International Monetary Fund and raise spending on social and job creating projects.

Mr Eysmontt inherits 60 per cent inflation, a $148m balance of payments deficit over the first nine months and a projected Zl 30,000bn ($3bn) budget deficit. Privatisation is also proving slower than hoped for against the background of the second consecutive year of sharply declining public sector industrial output. This has been partially offset by growth in the private sector. This year eight companies have been sold to foreign investors for $103m, while 22 per cent of industrial output is now in private hands.

The new government will seek to contain inflation at this year's level and keep the budget deficit at no more than 4.5 per cent of GNP while providing financial incentives to established exporters and for investment in selected domestic companies.

Portuguese prepare to take EC helm

By Patrick Blum in Lisbon

PORTUGAL'S prime minister, Mr Aníbal Cavaco Silva, has promised a "hard working" Portuguese presidency of the European Community for the first six months of 1992.

The main tasks and issues confronting the Portuguese presidency, he said, would be to implement the measures agreed at the Maastricht summit earlier this month, oversee debates on a new financial structure for the Community, including reform of the common agricultural policy (CAP), ensure the completion of the single market, and face the challenge of enlargement.

Portugal's presidency would be "exacting and complex" coming as it did at an important moment in the history of the Community and at a time of great international changes.

Portugal's presidency – its first since it joined the EC in 1986 – ends next June and will be followed by Britain's.

Community finances will be a dominant topic. The European Commission is expected to present proposals early next year on a new financial package to include structural funds for 1993-97, the establishment of the new cohesion fund to help poorer members, and proposals for a reform of the CAP.

The Community will have to discuss enlargement and its relations with countries of eastern Europe and the Soviet Union. Mr Cavaco Silva said there was a need for a "strategic reflection" before entering negotiations with potential members, though he expected negotiations with Austria and Sweden to start early in 1993.

Portugal would also push for greater co-operation with the Maghreb, Africa and Latin America. The European-Arab dialogue should be revived, he said, and efforts to establish democracy in Africa should be supported with humanitarian and development aid. The dialogue with Latin America should be strengthened through co-operation programmes with Brazil and the Andean Pact countries.

Andreotti wants elections early in April

ITALY'S prime minister Giulio Andreotti said yesterday his government wanted a general election next April, AP reports from Rome.

Mr Andreotti wanted President Francesco Cossiga to dissolve parliament in January and call the elections for the start of April, he declared. His four-party coalition would remain through the vote.

But first, the government would speed expedite approval of the state budget in parliament before January 1, then set a confidence vote on a controversial measure privatising state-controlled industries.

Italy is due to go to the polls by June. Calls have come to hold elections sooner rather than later as bickering has grown among the Christian Democrats, Socialists, Social Democrats and Liberals.

President Cossiga has been at odds with the government over the issue of institutional reform. His presidential term expires in July. A new parliament would elect his successor.

Mr Andreotti, a seven-time Christian Democrat premier, has served as head of two governments since July 1989. His party got 34.3 per cent of the vote in the last elections in 1987.

Mr Bettino Craxi, the Socialist Party leader, served three years and eight-and-a-half months as the most durable premier in Italy. His party, the second largest in the coalition, got 14.3 per cent of the vote in the last elections. He has said he would be available to head a new government, a possibility in a power-sharing agreement that would give the presidency to the Christian Democrats. Political analysts have also said Mr Craxi may seek the presidency.

Romanian companies for sale

By Anthony Robinson, East Europe Correspondent

ROMANIA has named 20 companies for sale in the first phase of the country's privatisation programme.

They are all small to medium-sized businesses and operate across a wide spectrum of the economy from food to vehicle parts and clothing to tourism.

Shares will be offered to domestic and foreign investors through public offerings, auctions and direct negotiations.

Funding is being provided by the European Community's PHARE programme, Britain's know-how fund and US-AID, which will provide technical assistance.

Romania also plans a mass privatisation programme with the sale of 30 per cent of the shares of around 6,000 companies.

Shares will be placed with five newly established "private ownership funds" which will function like mutual funds.

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Pope John Paul tries to marshal his fractious divisions

The Catholic Church's leader is hoping to capitalise on communism's collapse, writes **Robert Graham** in Rome

BY the millenial standards of the Holy See, Pope John Paul II is in a hurry to stamp the imprint of the Church on the fast-changing events in Europe.

He recently organised a synod of bishops to discuss the role of the Church in post-Communist Europe. Synods normally take three years to organise, but this month's was arranged in 18 months; and, instead of lasting the customary 30 days, its deliberations were squeezed into 15.

For some of the 137 delegates, like Cardinal Gottfried Daniels, Archbishop of Belgium, the gathering was both "too soon and too late". It was too late to be a celebration of the new freedom acquired following the breach of the Berlin Wall, but too soon to define the role required of the Church in the new Europe.

However, with a Polish pontiff profoundly conditioned by the trials of living under a Communist regime, it was entirely in character for the Pope to seize the occasion. He is anxious for the Vatican to be a leading supranational moral force filling the vacuum caused by the collapse of communism in eastern Europe.

The task of re-evangelising the "two lungs of Europe joined by a common heart", as the Vatican envisages the Continent, is fraught with difficulties. Within western Europe, the Catholic and Protestant churches have to confront declining interest in religion, while in eastern Europe a religious revival after years of suppression is uncertain.

Mr Radim Palous, rector of Karlovensis University, Prague, reminded the synod that in a perverse way the oppressive regimes in eastern Europe provided a stimulus to faith. But, he added: "I fear that, while the consumer society is free of totalitarian oppression, it is threatened by unfreedom from another quarter: that is, by the loss of moral commitment." In other words, people will put bread before faith.

Historical antagonisms still hinder a genuine process of ecumenism, and relations between the Catholic and Orthodox churches are ridden with mutual recrimination. The Protestant "fraternal delegates" at the synod felt the Holy See was still reluctant to deal with them as equal partners; this is perhaps an inevitable reflection of the Vatican's history and its constitution as a state, operating as a significant behind-the-scenes player in international diplomacy.

Then there is the profound divide between the "modernists" and the "conservatives" on a range of social issues, notably birth control and abortion – the Pope being firmly behind the conservatives. The differing Christian faiths are further being obliged to come to terms with the presence of large Moslem immigrant communities in industrial Europe, to say nothing of Moslems in the former Soviet Union.

John Paul: in a hurry

The disappearance of antagonistic political ideologies and the general convergence towards the market economy in both Europes is also forcing the Catholic Church in western Europe to redefine its attitude towards political parties. In the post-war period, these have been supported explicitly or tacitly precisely because they were a bulwark against communism. Six EC countries are headed by Christian Democrat leaders whose parties have enjoyed the backing of the Catholic Church. But already in Italy such overt endorsement appears to be ending.

Pope John Paul has favoured a just economic model, which ambiguously embraces the market economy, while both protecting the "dignity" of the individual from exploitation and taking account of the huge north-south divide.

But at heart he seems caught between sympathising with the heroics of Poland's Solidarity movement and endorsing in his encyclical the "positive role of business, the market, private property, and the resulting responsibility for the means of production".

Since the synod was first conceived the Soviet Union has fragmented, with the emergence of old hatreds, often based upon religion. Poland, the springboard for the Pope's re-evangelisation of eastern Europe, has fractured, leaving the Vatican's over-support for President Lech Walesa exposed. Meanwhile, civil war has split Yugoslavia, the Catholic Church on the ground backing its flock in Croatia and Slovenia at the expense of the Orthodox Church in Serbia.

Inevitably these problems clouded the synod. The Orthodox churches in Bulgaria, Greece, Romania, Russia and Serbia declined to send delegates. The Patriarch of Constantinople merely sent the metropolitan of the Greek Orthodox Church in Italy, Spyridon Papagheorghiu, who did not mince his words to explain the absence of his brothers. He attributed the "strong tensions" between the Orthodox churches and the Catholic communities to "the rebirth of the Catholic churches of oriental right". Catholic missionary zeal, he claimed, threatened to undermine a carefully trodden path of reconciliation between the two churches.

This prompted Cardinal Angelo Sodano, secretary of state at the Holy See, to make an unusually stiff rebuttal.

He pointed out that the Catholic Church of Byzantine rite in Ukraine and Romania was brutally suppressed by the Communist authorities between 1946 and 1948. Many of their confiscated buildings were given to the Orthodox Church. It was thus natural, with the restoration of religious freedom in 1989, that they should seek to reorganise, he said.

Such antagonisms underline how the Christian churches are themselves heavily embroiled in the turmoil resulting from the end of communism. Seventy years of communism and the enforced movement of ethnic communities has caused a profound change in the religious topography of eastern Europe.

For instance, Russia's 350,000 pre-revolution Catholics were suppressed and scattered, and new communities introduced. In the Volga, there are now some 40,000 Catholics formed from deported ethnic Germans, Lithuanians and Poles; and in Kazakhstan the 500,000-strong Catholic community consists of deported ethnic Germans.

That the polemic between Catholic and Orthodox churches surfaced at the synod suggests the Vatican under-estimated historic mistrust of the Holy See's desire to be the leading religious force in the new Europe.

INTERNATIONAL NEWS

US consumer spending makes weak rebound

By Michael Prowse and Nancy Dunne in Washington

CONSUMER spending in the US rebounded weakly last month following a drop in personal saving, the Commerce Department said yesterday.

Personal consumption spending rose 0.4 per cent after allowing for inflation, more than offsetting a 0.3 per cent fall in October. Most of the gain reflected higher spending on services. Retailers are reporting a disappointing Christmas season.

The personal savings rate dropped to 4.7 per cent compared with 5.5 per cent in October, indicating increases in spending are unlikely to be sustained.

Personal incomes fell 0.1 per cent in cash terms last month, but the figures were distorted by such factors as a drop in subsidy payments to farmers. Underlying incomes rose by 0.2 per cent after a 0.1 per cent fall the previous month.

Meanwhile, the Commerce Department predict that the US car and machine tool industries may achieve a modest rebound next year, while aerospace and computer companies face increased buffeting by imports.

In its annual US Industrial Outlook report, published yesterday, the department predicted moderate growth for most of the 350 industries analysed.

Although many of the conclusions were based on the economic data available in late summer and early spring when the US economy looked healthier, the report is still valuable for its assessment of comparative prospects for individual sectors.

Mr Michael Farren, undersecretary for international trade, said the car industry would see "the beginning of a recovery" in 1992 after several years of contraction. New car sales could rise by 7 per cent, spurred by pent-up demand and the need to replace ageing vehicles.

New car sales are forecast at 8.9m units, but this does not necessarily mean a great boost for the "Big Three" companies in Detroit or American workers. A large chunk of market could be captured by Japanese car transplants.

The computer industry is likely to show its first positive growth since 1988 with a 4 per cent rise in the value of shipments.

Robinson resigns after Trinidadian election defeat

Canute James analyses the recent rejection of the former ruling party by the country's voters

MR Arthur Robinson, the former prime minister of Trinidad and Tobago, has resigned as leader of the National Alliance for Reconstruction party, less than a week after the party suffered a humiliating defeat in general elections.

Mr Robinson, who was prime minister for five years, has accepted responsibility for the NAR's electoral defeat, according to party officials. In the elections, the NAR retained only two of the 33 seats it had won in 1986.

The election was won by the People's National Movement, and its leader, Mr Patrick Manning, has become the new prime minister. Mr Robinson's resignation has raised questions over the future of the NAR, which was created by the merger of four parties.

Mr Robinson decided in mid-November to seek a consecutive term as prime minister by calling general elections for Dec 16, three months before they were constitutionally due. Public opinion polls had indicated that the NAR was enjoying majority popular support for the first time in two years.

Robinson: resignation raises questions over future of NAR

Soon after, however, things started to go wrong. New polls suggested that the prime minister would not retain office. In the event, the NAR not just lost the election – it was humiliated. The prime minister's seat was one of the two of the 36 contested which the NAR managed to retain.

Mr Robinson has been replaced by Mr Manning, a 45 year-old geologist and petroleum engineer, and leader of the People's National Movement. The parliamentary opposition will be led, not by Mr Robinson, but by Mr Basdeo Panday, whose United National Congress took 13 seats.

Mr Robinson has been widely criticised for failing to explain to his constituents the reasons for the stringent measures he imposed on an economy and a people which had grown used to living high off the fat of earnings from oil, on which the economy depends. The fortunes of the Trinidadian economy have fluctuated with the state of the oil market. With production of 150,000 barrels per day, the economy boomed in the late 1970s.

The economy often threatened to overheat, the level of per capita income made the country one of the richest in the Caribbean, and Trinidad and Tobago became a benefactor to its less endowed neighbours. But with changes in the international oil market in the early 1980s, once healthy foreign reserves were being depleted, and by the time Mr Robinson took office after a handsome win in elections in 1985, the national coffers were empty and the state was spending money it did not have.

He was forced to turn for assistance to the International Monetary Fund, and to implement measures such as currency devaluations and cutbacks in government expenditure.Mr Robinson maintained the economic medicine was necessary, arguing that his administration had contributed to rebuilding the economy and that the basis for sustainable economic growth had been created.

The issue of race – a perennial factor in Trinidadian politics – was raised repeatedly in the campaign, unmasking latent uncertainties about relations between Indians and Africans, the largest ethnic groups in the country. While the political parties fielded multi-racial slates, the PNM owed much of its support to urban Afro-Trinidadians, while the opposition UNC drew its support mainly from Indo-Trinidadian communities in central Trinidad.

"I saw in the 1986 elections some hope of getting past racial politics, but the dominant factor in politics today is race," said Mr John Humphrey, a successful candidate for the UNC. Mr Manning concluded that race relations had become a big issue in the country's social and political life.

Mr Robinson would do well to consider the performance of his successor over the past five years. From the electoral battering it received in 1985, when it was left with three seats and most of its constituency parties shattered, the PNM, with Mr Manning, quickly rebuilt its ranks. Emulating this recovery may be the political straw which can keep alive Mr Robinson's political ambitions.

Foreigners attracted to Canadian investments

FOREIGN investment in Canadian securities reached an all-time high in October, with buyers attracted by the strong Canadian dollar, relatively high interest rates and foreign confidence in Ottawa's economic policies, Bernard Simon writes from Toronto.

Statistics Canada said yesterday that investors poured C$6.1bn ($5.4bn) (net of redemptions) into domestic financial markets, far exceeding the previous record of C$5bn set last August. Purchases of Canadian securities in the first ten months of this year have totalled C$26.1bn, almost double the 1990 figure.

October's big inflow came from heavy buying of new bond issues, which totalled C$6.6bn. Foreigners were net sellers of money-market instruments and equities. The gap between yields on US and Canadian securities has widened since last week's cut in the Fed discount rate.

To brake the Canadian dollar's fall, the Bank of Canada has not followed the downward movement in the US.

Joe Who shows his mettle over Quebec

Bernard Simon reports on Canadians' new respect for the qualities of Joe Clark

LITTLE IN Joe Clark's background suggests that the jowly Albertan could be the man to keep Canada together.

Once nicknamed Joe Who, Mr Clark gained a reputation in the late 1970s as a decent but ineffectual politician. A spell as prime minister in 1979 lasted for only eight months before his government lost a vote of confidence in the House of Commons and a subsequent election. Raised in western Canada, Mr Clark has struggled to master Canada's second official language, and still punctuates his French with English phrases.

Yet since taking over as constitutional affairs minister in April, Mr Clark has emerged as the man most likely to persuade Quebec that Canada is worth preserving, while convincing the rest of the country that Quebec is worth hanging on to. Endless patience and a penchant for compromise rather than confrontation have gained Mr Clark more respect than Mr Brian Mulroney, the prime minister, or most other members of the Progressive Conservative government, which remains the most unpopular in recent history.

In trying to stitch together a package of political reforms which satisfy both English and French-speaking Canadians, Mr Clark sees his task as trying to get Canada's "two solitudes" to show greater appreciation for each other.

"Our difficulties here are in large measure a failure of understanding," he said recently. "There's not been the sort of bitterness, the sort of economic failure or regional and group exploitation that you've got in other places. The danger here is that we could slip apart, rather than split apart."

Joe Clark: endless patience

Efforts to prevent that happening have moved into high gear as political parties and a host of other interest groups pick over the blueprint for a new constitution which the government tabled last September.

The 28 proposals aim to satisfy Quebec nationalists by recognising the francophone province's distinctive character, and transferring various powers from Ottawa to the provinces. Western Canadians, typically the most antagonistic towards Quebec, have been offered wider representation in the Senate, the upper house of parliament.

Canada's 500,000 aboriginal people, who have emerged as a vociferous lobby group with considerable public sympathy, are promised limited self-government within 10 years.

One of the most divisive elements in the package has turned out to be proposals for strengthening trade and economic links between the ten provinces. The package is now in the hands of an all-party parliamentary committee. Key elements will also be debated early in the new year at six conferences in different parts of the country.

The committee is due to submit a revised text by March. The government expects to have its response ready about six weeks later, in time for the independence referendum which Quebec is expected to hold next October.

Mr Clark bemoans English-speaking Canadians' ignorance of Quebec's transformation in the past 25 years from an inward-looking society dominated by the church, to one of the most culturally and commercially vibrant parts of North America.

"If the 'Quiet Revolution' were well enough known in the rest of the country, it would be seen as a model and not a threat," he says.

On the other hand, he arranged for seven journalists from rural Quebec newspapers to visit the Calgary Stampede last summer, the first time they had been to western Canada. Every move has to take into account three national political parties, fast-growing regional parties in the West and Quebec, ten provinces each anxious to protect its own interests, as well as special interest groups such as the aboriginals.

The process for bringing the constitutional debate to a conclusion remains shrouded in uncertainty. The government is torn between calls for wide public participation, for instance, through a national referendum, and warnings that nothing will be settled without decisive leadership from Ottawa.

Mr Clark is disappointed that federalists in Quebec, fearful of being outflanked by the separatists or embarrassed by Ottawa, have kept their heads down. Besides Mr Mulroney (who is a Quebecker) and Mr Clark, business leaders are the only group to have spoken out forcefully against independence.

Despite the obstacles, Mr Clark is confident that common ground will be found. "I think enough people realise that the country is very close to serious trouble," he says. One of the government's strategies has been to warn all sides of the high costs of tearing Canada apart.

Regulators plan wider scope for S&L branches

By George Graham in Washington

US Federal regulators are proposing new rules that would allow savings and loan institutions to open branches outside their home states.

The move follows only weeks after Congress refused to pass legislation to allow similar nation-wide branching powers for banks, and could face strong opposition both in Congress and among some banking lobbies.

The Office of Thrift Supervision (OTS), which regulates the sector, said allowing nation-wide branching would permit institutions to diversify their loan portfolios, reduce operating costs and improve the quality of services.

The power to authorise nation-wide branching has been available since the 1982 Garn-St Germain Act expanding the powers of thrift and savings and loan institutions – which are similar to UK building societies – but OTS has restricted the right, using it as an inducement to healthy institutions to takeover failing savings and loans groups.

Independent bankers fear the new interpretation could open the way for thrifts owned by industrial companies such as Ford or by banking groups such as Citicorp to expand throughout the US.

IMF delays a loan to Kenya over policies

By Julian Ozanne in Nairobi

THE International Monetary Fund (IMF) is delaying disbursement of a SDR45.23m (£34.8m) loan to Kenya pending further discussion with the government about economic performance targets.

The move, which follows a visit to Nairobi by an IMF team last week, comes a month after Kenya's international donors meeting in Paris decided to hold back new aid pledges for six months until more progress was made on political reform, economic liberalisation and the fight against widespread government corruption.

Together the decisions will have a severe impact on the aid dependent economy which received \$1.6bn (£870m) of assistance in the last two years alone. Economists predict a serious balance of payments problem in the next six months which may force the government to squeeze public sector imports, a move which would hamper economic growth.

The delayed disbursement of the tranche, available under Kenya's three-year enhanced structural adjustment facility, follows the failure of the IMF mission to conclude a satisfactory mid-term review of the programme.

Unlike the decision in Paris, the Fund's appraisal is made on strictly economic criteria. It could restrain other aid commitments by donors, many of whom insist that a IMF programme must be in place.

According to a senior western economist three issues concern the Fund: a growing fiscal deficit, the over-expansion in the money supply and poor progress on parastatal and civil service reform.

Of these the deficit is most serious. The IMF has now revised its estimates for fiscal year ending June 1991, putting it at 6.7 per cent of GDP, against a government target of 3.8 per cent of GDP.

The target of 2 per cent for the current year ending June 1992 is believed to be unrealistic, and independent forecasts put it at around 4-5 per cent. The government's recourse to domestic borrowing to fund the deficit will rapidly increase the money supply with knock-on effects on inflation, already a worry to international donors.

The IMF mission left behind its own view of the tough fiscal and monetary measures which the government will have to take in order to qualify for the delayed disbursement.

Professor George Saitoti, vice president and minister of finance, yesterday downplayed the IMF move and said he was optimistic the government could implement the stricter policies.

These would include tightening tax collection, reigning in government expenditure, stopping new development projects, curtailing civil service recruitment, especially at the lower grades, and new revenue measures, in particular the repayment to government of parastatal debt.

He said the government was moving quickly on privatisation and would soon offer Kenya Airways to the public.

"We have an agreement (on new measures required) with the IMF, subject to ratification by the cabinet, and I think donors will demonstrate more flexibility," Prof Saitoti said.

However several donors, including Britain, the United States, Japan and the World Bank have confirmed that they are already withholding significant amounts of balance of payments support in the wake of the Paris meeting.

NEWS IN BRIEF

Body of US colonel handed over in Beirut

The remains of the murdered Lebanon hostage, Colonel William Higgins, were handed over to the United States yesterday in Beirut, Reuter reports from Beirut.

A partially mummified corpse, found dumped in a street early on Sunday, was identified by pathologists at the American University Hospital as that of the US Marine Corps lieutenant-colonel who was kidnapped in February 1988.

In a coffin draped in the Stars and Stripes, Col Higgins's remains began the journey home on board a van escorted by guards to the US embassy. The coffin was to be flown by helicopter to Cyprus and on to the US for burial. A Lebanese kidnap group said on July 31, 1989, that it had killed Col Higgins, then 44, in retaliation for the kidnapping by Israeli commandos of the pro-Iranian Hizbollah cleric, Sheikh Abdel Karim Obeid.

FAO aid appeal for Africa

At least 13m people in Sudan and Ethiopia risk starvation due to civil wars and drought, the United Nations food agency said yesterday, Reuter reports from Nairobi.

"Food production rose in Sudan and remained above average in Ethiopia during 1991, but victims of drought and strife will need more than 1.5m tonnes of food aid next year," said a Food and Agriculture Organisation statement. A staggering 9.75m people in the two nations will go hungry due to poor crop yields, according to the statement.

Burundi-Rwanda dispute ends

A week-long dispute over the fate of 233 people who sought refuge in Rwanda's embassy in the Burundi capital of Bujumbura ended yesterday when they left the diplomatic compound to be questioned by police, Reuter reports from Bujumbura.

Official sources who said the asylum-seekers were Rwandans of "suspicious" origin were led from the embassy and escorted to the national police college in the presence of delegates of the International Committee of the Red Cross. Burundi has blamed people from its central African neighbour of being part of a rebel attack against Bujumbura and surrounding areas last month.

S Korean warning on N-talks

Mr Roh Tae Woo, the South Korean president, said yesterday that the US should not contact North Korea directly over the nuclear weapons dispute, as Pyongyang demands, Reuter reports from Seoul.

"In connection with North Korea's nuclear issue, the United States should not negotiate directly with North Korea," a presidential aide quoted Mr Roh as telling a visiting US congressman, Mr Steven Solarz.

Nigerian plan for coalition

Thirteen leading Nigerian politicians recently freed from military detention have formulated plans for a government of national consensus in late 1992 to help rid Nigeria of instability, a leader of the group, Mr Abubakar Rimi, a former civilian governor of the northern state of Kano, said yesterday, Reuter reports from Lagos. The 13, representing a broad spectrum of views, were freed last Friday after being held for three weeks in a guest house for defying a ban, now lifted, on their participation in politics.

Marcos surrenders to court

Mrs Imelda Marcos, facing trial for alleged corruption, was fingerprinted after surrendering to a Philippines court yesterday and said the "ugly" episode would spoil her Christmas, Reuter reports from Manila.

She appeared in court on charges of helping her late husband, former dictator Ferdinand Marcos, loot the economy and hide their wealth in Swiss banks.

Moi sacks senior minister amid party rows

By Julian Ozanne in Nairobi

PRESIDENT Daniel arap Moi of Kenya yesterday sacked a senior cabinet minister amid signs of infighting in the ruling Kenya African National Union (Kanu) as it prepares for an early general election.

The ousted politician, Mr Peter Oloo Aringo, minister of manpower development and national chairman of Kanu, represented the reformist wing of the party. The reformers have advocated an overhaul of Kanu in response to the challenge posed by the new opposition party, the Forum for the Restoration of Democracy (Ford).

The move came as more than 50 Kanu officials and members from the important and populous district of Murang'a, in Central Province, announced they had resigned from the party and were joining Ford. Yesterday's developments suggest the reluctance of President Moi and the conservative officials who dominate the upper party echelons to respond to demands for a thorough reform of Kanu, which has been damaged by corruption, ballot-rigging and heavy-handed party officials.

Until his dismissal Mr Aringo had been spearheading the campaign for cleaning up the party. With Mr Mwai Kibaki, minister for health, he had called for Kanu to conduct fresh grass-roots elections, adopt secret balloting and give the opposition time to organise properly. At a weekend rally, where he alleged he had been unfairly excluded from a committee drafting a new Kanu manifesto, he said: "Kanu is a dirty house that only requires thorough cleaning to restore some of its former glory." Together Mr Aringo and Mr Kibaki represent vital tribal interests, being leading members of Kenya's two biggest tribes the Luo and Kikuyu respectively.

Ethnic loyalties are expected to play a key role in the forthcoming election.

Emperor Akihito and Empress Michiko greeting a crowd at the imperial palace in Tokyo yesterday during celebrations to mark the emperor's 58th birthday. More than 12,000 people attended.

Pressure grows for UN to halt clashes in Phnom Penh

By Alexander Nicoll, Asia Editor

THE United Nations is under strong pressure to increase its presence in Cambodia rapidly after an outbreak of violence in Phnom Penh, which threatens the country's peace agreement.

Under the accord which was supposed to end 13 years of civil war, a United Nations Transitional Authority in Cambodia (Untac) is to establish itself with responsibility for overseeing the truce between guerrilla factions, the laying down of their arms and, eventually, elections.

However, the full Untac force is not expected to arrive for several months. A small contingent of UN forces is in Cambodia, but has been powerless to discourage recent civil unrest.

Last weekend, three people were killed and scores injured, universities were closed and a curfew imposed.

Diplomats in Phnom Penh are asking their governments to put pressure on the UN in New York to accelerate sending UN forces.

The violence forced a second postponement of the first meeting in Phnom Penh of the Supreme National Council, a reconciliation body with representatives from all four factions, which under the peace accord is supposed to administer the country in tandem with Untac until elections are held.

Last month, the SNC was unable to meet because leaders of the Khmer Rouge, which killed more than 1m people during its rule in the 1970s, were beaten up and driven out of Phnom Penh within hours of returning to take up their place on the council. Last Saturday, they were due to make a second attempt to return but did not do so as violence flared.

In the absence of SNC or Untac authority, the Vietnamese-installed government of Mr Hun Sen, the prime minister, remains in power.

On Saturday night, police and soldiers fired tens of thousands of rounds of ammunition into the air and into buildings to break up student protests against corruption in the sale of government assets. The previous day, Mr Ros Chhun, communications and transport minister, had been forced to resign when demonstrators destroyed a house he owned, calling him a thief.

Last week, a senior aide to Prince Norodom Sihanouk, head of state and SNC chairman, resigned saying palace intrigue and corruption threatened Cambodia's recovery from war. He accused Prince Sihanouk of doing nothing to prevent government leaders from selling off the country to the highest bidder.

The arrest of a student at the medical school had triggered Saturday's confrontations as students stormed a police station to free their colleague.

One student was shot in the chest as he and his comrades set fire to a police station. Another civilian and a soldier died from gunshot wounds, doctors and officials said.

On Sunday, a curfew was imposed and yesterday, all universities and colleges in Phnom Penh were closed.

Mr Hor Namhong, the foreign minister, said protesters would now need government permission. He said the government supported demonstrations against corruption, but that the government could not allow armed insurrection.

Most diplomats in Phnom Penh do not expect UN peacekeepers to be a major force until April or May unless the violence speeds up the UN, which has been working out a budget and procedures for the force.

Kurds invited to Baghdad for talks

KURDISH leaders said yesterday the Iraqi government had invited them to Baghdad to discuss its two-month economic blockade of northern Iraq, Reuter reports from Salahuddin, Iraq.

Sources at the headquarters of Mr Massoud Barzani's Kurdistan Democratic Party (KDP) said the invitation came in response to a letter from Mr Barzani saying Kurdish leaders had agreed to guarantee the safety of government employees in Kurdistan, an Iraqi condition for lifting the blockade.

They said Mr Barzani received the invitation late last week.

Ten days ago, when Kurdish leaders voted to guarantee the safety of government employees, they set December 23 as the deadline for Baghdad to lift the blockade. The deadline arrived with no evidence of Iraqi compliance.

Salaries of most government employees in Kurdistan have not been paid by Baghdad and fuel and food deliveries have been interrupted.

India 'will need 100m more jobs'

By K.K. Sharma in New Delhi

INDIA will need to create 10m extra jobs each year for the next 10 years to reach a state of near-full employment at the turn of the century. This projection has been made by India's Planning Commission which has formulated a paper on the approach to the Eighth Five-Year Plan beginning April, 1992.

The target is virtually impossible to achieve, despite the calls yesterday by Prime Minister P.V. Rao to eradicate poverty. Mr Rao was speaking to the National Development Council (NDC), India's highest economic decision-making body of which all state chief ministers are members. Yesterday, it began a two-day meeting to approve the paper.

The NDC meets as the country is in the midst of economic reforms which have made the role of centralised planning virtually redundant. This is clear from the difference between the macro-economic projections by the finance minister recently and those made yesterday by Mr Pranab Mukerjee, the Planning Commission's deputy chairman. The finance minister had said GDP would grow by 3.5 per cent next year, and possibly 4 per cent in 1992-93.

The Planning Commission is still talking of an ambitious 5.5 per cent annual growth rate for the next five years. This is hardly feasible in view of the policies initiated to stabilise the economy. The Planning Commission acknowledged it had a new role to play when Mr Mukerjee told the NDC that "indicative planning" would have to replace India's centralised planning system that has run for four decades.

But the public sector will still have an important part to play. This is borne out by the provision of funds in the Eighth Plan aimed mainly at growth and diversification of agriculture and infrastructure development, especially in power, transport, communications and irrigation.

Mr Mukerjee stressed that the targets of the Eighth Plan would not be reached unless India lowered its population growth rate from 3.5 per cent now to 2 per cent.

Gulf states in first meeting since war

By Our Middle East Staff

THE six members of the Gulf Co-operation Council gathered yesterday in Kuwait, for the first time since the withdrawal of occupying Iraqi forces last February, to discuss security arrangements in the region.

Formed 10 years ago in response to the war between Iraq and Iran, the body initially insisted that its main role was economic co-operation. However that fiction has increasingly been abandoned as Saudi Arabia, Kuwait, Oman, United Arab Emirates, Qatar and Bahrain sought to counter regional military threats. The six leaders are also expected to approve measures aimed at moving towards a Gulf common market and to give a provisional go-ahead to a \$10bn (£5.4bn) development fund to channel aid to Arab allies whose economies were worst hit by the Gulf crisis.

There is little indication yet that Kuwait's ruling al-Sabah family has been able to put together a credible defence policy and its armed forces remain well below strength.

But, the government appears unwilling to permit Syrian and Egyptian troops to be based on Kuwaiti soil for any extended period of time.

Reforms at stake as Algerian elections loom

Francis Ghilès analyses the fundamentalists' challenge to an aspiring democracy

THE government of Mr Sid Ahmed Ghozali faces its sternest test on Thursday when Algerians vote in the first multi-party general elections since their country achieved independence from France in 1962.

At stake is not simply the question of the challenge Moslem fundamentalist parties will present but the fate of the reforms aimed at liberalising Algeria's state command economy, which have been promoted by Mr Ghozali and his predecessor, Mr Mouloud Hamrouche.

The outcome is keenly awaited in neighbouring Tunisia and Morocco, which have chosen to contain Moslem fundamentalism by more brutal means, as well as in France, Italy and Spain.

The conundrum Algeria faces may be insoluble: how does an aspiring democracy cope with a movement, many of whose leaders make no secret of their contempt for freedom of political choice? At the same time, the government is having to implement a painful economic reform programme for which it is almost certainly going to pay a price at the polls. Most prices have doubled since last September – a rise made necessary by a quarter of a century of artificially low prices and inflated bureaucracy.

The major Islamic fundamentalist party, the Front Islamique du Salut (FIS), which gained control of a majority of town councils in the 1990 local elections, derailed plans to hold general elections last June when it rioted to protest against the flagrant gerrymandering of constituency boundaries.

The FIS confirmed at the beginning of this month that it would present candidates in every constituency. Until recently, the provisional head of the party, Mr Abdelkader Hachani, had made the handing over from a military to a civilian court of the trial of the party's two paramount leaders, Mr Abassi Madani and Mr Ali Benhajd, in prison since last June, a *sine qua non* of the party's participation.

Soon after being appointed, Mr Ghozali expressed his conviction that the FIS could not win a majority in free elections but insisted that to suggest the party would not be allowed to do so would vitiate the democratic process.

The Prime Minister has been as good as his word and has battled hard with outgoing deputies, all of whom belong to the party which, until the riots of October 1988, held a monopoly of power in Algeria, the Front de Libération National (FLN), to secure a fairer electoral law.

Mr Ali Haroun, the respected lawyer appointed last June as minister of human rights, a post unique in the Arab world, has ensured that, despite the internment of thousands of FIS supporters last June (all but a handful have now been released), there is a conspicuous absence of the usual indicators of large-scale human rights violations (such as complaints from Amnesty International).

Sid Ahmed Ghozali: aims to liberalise the econony

However, the recent killing of three soldiers in the border post of Guemmar in the south east by a commando of fundamentalists prompted a furious reaction from the army.

The Minister of Defence, General Khaled Nezzar, claimed the FIS had indirect links with the group and vowed to "wipe them out."

And so he did. In ferocious shoot-outs his men killed 25 members of the commando unit. The incident comes at a convenient time for those wishing to scare people off supporting the FIS and underlines the army's key role.

While FIS leaders clearly wish to participate in the elections, their more restive supporters may still be tempted to cause trouble. Arguments over whether the FIS should participate or not have raged among its leaders since last June, some senior members of the party expressing the view that by abstaining they would be keeping their powder dry for the much more important presidential elections due in 1993. Real power in Algeria rests with the head of state.

The FLN is also torn, between an old guard, fearful of reform and a younger generation who desperately want to regenerate the party which freed Algeria from the French.

Two main secular parties, the Front des Forces Socialistes and the Rassemblement pour la Culture et la Démocratie, are also vying for the votes of those Algerians who want to build a modern and free society, together with 43 other parties.

But such considerations may be far from the minds of the average Algerian, confronted by spiralling price rises.

A period of belt-tightening lies ahead, with most Algerians hoping that the elections will bring a period of stability and serious government.

If they do not, what is left of the educated and technical elite will follow the tens, if not hundreds, of thousands of their compatriots who have settled abroad, in Europe and North America.

Uneasy truce for Jew and Christian

By Hugh Carnegy in Jerusalem

"WHAT a tragic mistake," said the preacher at St George's Anglican Cathedral in Jerusalem, that the Jews had failed to recognise John the Baptist as Elijah, returned to herald the Messiah's coming.

At Christmas in the Holy Land, there is an acute sense that Christ's birth marks the parting of the ways between Judaism and Christianity. Twenty centuries later, the relationship is as complex and fraught as ever.

Today in Bethlehem, the hilltop town in the Israeli-occupied West Bank where Christ was born, celebrations take place under Israeli army control, as has been so since Israel captured East Jerusalem, the West Bank and the Gaza Strip in 1967. Israeli buses will ferry worshippers to Midnight Mass in Bethlehem's Manger Square, where the fortress-like Israeli police station looks down on the Church of the Nativity.

This is only one manifestation of the uncomfortable relationship between Jew and Christian in the Holy Land. To Israelis, memories of the horrors suffered by Jews in Christendom are ever present. In 1992, much attention will be paid to the 500th anniversary of the expulsion of Jews from Spain and their dispersal in the Sephardic diaspora.

Mr Moshe Gilboa, the foreign ministry's head of relations with the Christian churches, says the establishment of Israel changed, but did not simplify or smooth, Christian attitudes to the Jewish people. "The creation of Israel was for many Christians the antithesis of what they expected, because it contradicted their understanding of the punishment the Jews had to bear for rejecting Jesus."

Israel sees relations with the Roman Catholic Church as most frustrating. The Vatican only voiced formal recognition of Israel during the Gulf War, when Israel was under attack by Iraqi Scud missiles. But the Vatican still refuses diplomatic relations until the status of Jerusalem is resolved and Palestinian and Christian rights in the Holy Land have been secured.

These days, much of the Vatican's position is explained by its concern about the Palestinian Roman Catholic community, one of the three largest among the 140,000 Arab Christians who live in Israel and the occupied territories. No less than 42 different Christian churches in Jerusalem cover Armenians, Copts, Ethiopians, Evangelicals, Lutherans, Presbyterians and many more. Israel proclaims their presence as evidence of its commitment to freedom of worship.

But most indigenous Christians oppose the Israeli occupation, and are critical of the way Israel has treated its Arab population. The Rev Naim Ateek is a priest in the tiny Palestinian Anglican community who was born in Beisan, today the Israeli town of Beit Shean. He recalls being forced to leave his home in 1948 at gunpoint. He accepts Israel's right to exist, but adds: "I see Israel as a state which has done a great injustice to the Palestinians".

Many Christians from overseas think Israel's creation was God's work, fulfilling Old Testament prophecies. These evangelicals, mainly from the US "Bible Belt", come to Israel every year to proclaim support for the State of Israel. They are joined by another brand of Christian Israel-backers whose support is based more on the desire to atone for past wrongs done to Jews by Christians. The focus of their activities is the so-called International Christian Embassy in Jerusalem which every year spends millions of dollars supporting Israel.

Orthodox Jewry is deeply suspicious of such Christians, accusing them of secretly wanting to convert Jews to Christianity. But the present government fêtes these groups whose political stance exactly mirrors its own. At the "First International Christian Zionist Congress" in Basle in 1985, the fundamentalists declared the occupied territories were a part of Israel and asserted the right of Jews to settle them. Mr Jan van der Hoeven of the "Christian Embassy" admits the traditional churches dislike what he is doing, but says: "You can't criticise me for trying to build bridges to the Jews".

Behind the political differences, great theological argument goes on among Christians about whether the Bible should be interpreted as pledging exclusive rights over the Promised Land to the Jews, or be seen in terms of the rights of all people. But on Christmas Day they will all be celebrating the birth of Christ. Meanwhile, Israelis will be at work as normal. To the Jews, the "tragic mistake" was not theirs, but the belief that the infant Christ was the Messiah.

UK NEWS

New Year hangover awaits UK chancellor

By Peter Marsh, Economics Staff

MR NORMAN Lamont can probably look forward to a relatively peaceful Christmas. But the chancellor might be advised to prepare for a massive New Year hangover.

The consensus yesterday was that problems for sterling over its position in the European exchange rate mechanism (ERM) are likely to remain dormant during the holiday, but crop up with a vengeance in early January.

With all other ERM countries having increased their rates recently, pressure on sterling in the system may force Mr Lamont to lift UK base rates from their current 10.5 per cent.

Disastrously for the chancellor – and possibly for the hopes of the Conservatives in winning next year's election – such a move would take place just as many politicians and businessmen are calling for a reduction in rates to boost the flagging economy.

The crisis over monetary policy started last Thursday, when the Bundesbank tightened German rates by 0.5 per cent to crack down on inflation caused by unification. That triggered demand for D-Marks, with the effect amplified by the US Federal Reserve action the next day in cutting US interest rates – which caused many international fund managers to swap dollars for the German unit.

The resulting strain in the ERM, which links nine European currencies in fixed margins around the D-Mark, led to the monetary authorities in Denmark, the Netherlands, Ireland and Belgium lifting their rates at the end of last week. France, Spain and Italy and Spain soon followed.

In weak trading yesterday, sterling closed in London at 2.84, roughly half a pfennig above its effective floor in the ERM and 11 pfennigs below its DM2.95 central rate. Should the D-Mark strengthen significantly in the New Year, sterling could sink further, forcing on the chancellor a highly unpopular action.

In Britain's favour, it is the only ERM currency, except the Spanish peseta, with a 6 per cent margin against its central D-Mark rate.

All the other units have relatively tight, 2.25 per cent bands, which gives Britain and Spain more room for manoeuvre within the system.

Were the German economy to show a slowdown in activity next month, it could weaken the D-Mark and reduce the ERM strains.

This would be a bolt from the blue, however, and with all signs from the UK economy indicating continued weakness, which is hardly likely to buoy investor support for the pound – Mr Lamont will be looking ahead to 1992 with a lack of relish.

Decline in manufacturing exports hits trade deficit

By Peter Marsh, Economics Staff

BRITAIN had a trade deficit on manufactured goods in the three months to November of £1.2bn, after a £54m surplus in the previous three months, the Central Statistical Office (CSO) said yesterday.

The main element of the change is that the value of manufactured exports declined by 5 per cent between the three-monthly periods, from £22.3bn to £21.2bn, while imports edged up by 0.5 per cent, from £22.2bn to £22.4bn.

Behind the seasonally adjusted figures is that export markets for many UK companies have become more difficult in recent months, as overseas economies such as the US and Germany have shown signs of weakness. Meanwhile, import growth has been relatively small due to the faltering nature of the UK recovery.

As regards trade in merchandise goods including oil, exports last month were slightly higher than in October at £8.7bn, while imports also increased fractionally to £9.6bn, giving a visible trade deficit of £887m.

Taking into account trade in invisible items such as services, interest payments and assorted financial transfers, the CSO is projecting a surplus in this area in November of £300m.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance: Total	Less oil and erratics	Exports	Imports	Invisibles Balance
1989	-20.4	-24.6	-27.5	92.4	117.0	+4.2
1990	-15.2	-18.7	-21.1	102.0	120.7	+3.6
Qtr 3	-2.6	-4.0	-5.0	25.3	29.4	+1.5
Qtr 4	-2.2	-3.2	-3.9	25.7	28.9	+1.0
1991						
Qtr 1	-2.7	-3.0	-3.6	25.0	28.0	+0.3
Qtr 2	-0.1	-2.1	-2.8	26.1	28.2	+2.0
Qtr 3	-1.3	-2.3	-3.5	26.5	28.8	+1.0
May	-0.2	-0.9	-1.1	8.5	9.4	+0.7
Jun	+0.3	-0.4	-0.8	9.1	9.4	+0.7
July	-0.3	-0.6	-1.1	8.8	9.4	+0.3
Aug	-0.5	-0.8	-1.1	9.1	9.9	+0.3
Sept	-0.6	-0.9	-1.2	8.6	9.5	+0.3
Oct	-0.6	-0.9	-1.1	8.7	9.5	+0.3
Nov	-0.6	-0.9	-1.2	8.7	9.6	+0.3

Invisibles for October and November 1991 are projections. Figures are seasonally adjusted, and due to rounding may not add up. Source: CSO

In volume terms, merchandise exports in the three months to November were 3 per cent down compared with between June and August. Exports of general consumer goods and food, drink and tobacco were up by 6.5 per cent and 5.5 per cent respectively.

As for imports, which saw a 1.5 per cent decline in volume terms between the three monthly periods, the categories showing the biggest falls were fuels and cars.

In value terms, exports to the rest of the EC showed a 1.5 per cent decline between September and November, compared with the preceding three months. Exports to the US were down 12 per cent between these periods.

Officials try to calm Tory nerves

By Ivo Dawnay, Political Correspondent

THE government was last night calming frayed nerves about the state of the economy among Tory MPs, claiming that pressure on sterling should ease in the shallow trading expected over the holiday period.

Downing Street insisted that there was little cause for concern, with one senior official claiming: "We have got the bad news behind us."

An increase in German rates had been anticipated and the pressure on the pound centred more on funds leaving the dollar and opting for the D-Mark before sterling, the official added.

He also said the underlying rate of unemployment in Britain has halved over the past three months and the state of the economy was "much better" than might have been expected at this stage of the economic cycle.

Mr Gordon Brown, Labour's trade and industry spokesman, said the trade figures were yet further evidence of the need for new policies.

Threat of closure to telecoms directorate

By David Owen

THE government has told the Home Office department which provides vital telecommunications services to the police and fire brigades to halve its trading losses or face possible closure.

A financial plan agreed with ministers requires Dtels, formerly the Directorate of Telecommunications, to cut its deficit from an expected £4m this year to £2.2m in the year ended March 1994. If Dtels meets or exceeds these financial targets, it will almost certainly be privatised.

Its senior management is confident that Dtels will meet the conditions laid down in the plan, pointing out that all targets set since 1989 have been hit.

"When we started this I think there were very grave doubts . . .that it would survive," said Mr Nigel Finlayson, head of Dtels. "Now I am cautiously optimistic about the future."

Management is said to have satisfied the government that pursuing the closure option would involve substantial costs.

Neither maintaining the current position nor moving to agency status are regarded as realistic alternatives by the government. Officials note that the agency concept is only intended for civil service activities that are not deemed suitable for privatisation.

After many years as a centrally funded procurement agency for radio equipment, Dtels has been competing head on with the private sector since April 1989 in the provision of installation and maintenance services.

BRITAIN IN BRIEF

Water users face steep rise in bills

Customers of South West Water (SWW), the west of England water supply company, face steep rises in their bills next year to pay for environmental improvements and, together with the rest of the industry, can expect further increases in subsequent years.

The Office of Water Services (Ofwat), the industry's economic regulator, announced it was allowing SWW an increase in its charges of around 16 per cent, or £30 on the average bill, to meet substantial new European Community obligations not apparent when the industry was privatised two years ago.

The decision underlines the sharply rising costs to customers of meeting environmental improvements demanded by the EC.

Lex, Page 10

Union plans gather pace

The plan to create a huge public sector union from a merger of Nalgo, the local government union, NUPE, the public services union and COHSE, the health union, has been given impetus after several months of drift and dispute.

The executives of all three unions reached agreement last week on a range of issues, including finance and structure, which had been proving difficult to resolve.

Detailed negotiations have still to take place on full-time officials and Labour Party affiliation, but it is now probable that a final agreement will be ready to go to all three union conferences in the summer and on to a ballot of all members at the end of 1992.

Christmas 1991: homeless Londoners queue for food in a converted warehouse near Tower Bridge where the charity 'Crisis' expects to feed and accommodate 1,800 people over the next few days. The charity, which is ready to serve 3,000 meals a day over the week-long holiday period, is *seeking £3m annually to fund 260 long-term homelessness projects in the capital.*

Amex in Laura Ashley dispute

American Express has stopped Laura Ashley stores from accepting its card after a dispute which began when a senior executive of the US company tried to buy goods with his charge card but was asked if he had a different one.

"We found out that they were asking customers to use another card," American Express said. "When we went to them to ask what was going on, they wanted us to give them a single global [commission] rate. We couldn't do that because there are different business costs in each market that we operate in."

It said that Laura Ashley had continued to discourage customers from using their American Express cards. As a result American Express has cancelled its agreement with Laura Ashley, invoking a clause which prevents retailers from favouring one card over another.

Labour launches teaching plans

An incoming Labour administration would retain the probationary year for trainee teachers that the government plans to scrap, according to Mr Andrew Smith, a party education spokesman.

Launching the party's proposals for "overhauling" teacher training, Mr Smith said Labour would also try to cut the estimated £90m a year wasted in training teachers who subsequently leave the profession.

Labour plans to introduce a national curriculum for teacher training and more classroom experience. There would be training for those returning to teaching after a break and development throughout teachers' careers.

Thames awards £85m contracts

Thames Water has awarded two contracts totalling £85m for improvements at two water treatment works serving London - part of the privatised company's £360m improvement programme. The contracts account for two-thirds of a £130m investment at Ashford Common, near Staines, and at Walton on Thames, to produce high quality water and increase the amount of water treated each day.

MANAGEMENT: The Growing Business

Sowing the seeds of knowledge

Charles Batchelor says that small business services companies have to fight if they want to grow big

Forget the gleaming laboratory or the humming production line normally regarded as the symbols of dynamism. Britain's latest industrial revolution is taking place in cramped, sparsely furnished offices like those of Initiative Europe in south London.

Squeezed between a railway line and a one-way road system, Initiative Europe's offices may not convey an impression of commercial vitality. But companies like Initiative Europe, which produces newsletters and directories for venture capitalists, have provided much of the small firms' growth in the past decade.

Knowledge-based companies providing services to business have been one of the fastest growing areas in the services sector, according to a recent study* by researchers at Cambridge University and University College London.

It shows that the number of enterprises providing services rose by 184,000 or 22 per cent between 1985 and 1990 compared with an increase of just 14,000 or 9 per cent in manufacturing businesses.

Growth was most dramatic in professionally-based, information-intensive sectors, the researchers discovered. It occurred in areas such as computer services, management consultancy, market research, public relations and employment recruitment.

Small firms are well able to compete with large by applying their expertise (usually gained in a large firm) to specialist niche markets. They are also more flexible and can call on networks of associates to help them.

Initiative Europe started out ambitiously with a staff of four, says Antonia Millen, one of the co-founders. The reason for this was the need to build up rapidly a sufficiently large range of products to sustain the business. Both Millen and her co-founder, Simon Thornton, had left an established company supplying data to the venture capital industry so they were aware of the competition. Now three years old, Initiative Europe has a staff of five, turnover of £250,000 and it has just started to make profits. Growth has proved tougher than planned – the founders had expected to break even in the first year.

But the company has been successful in launching two newsletters and two directories and is starting to market a register of institutions involved in venture capital investing.

Despite the academic researchers' findings that the general climate was favourable to new ventures in the business services field, Millen and Thornton have had to fight to establish themselves. Winning credibility in the market place was crucial and in the early days it was difficult to persuade people to provide information for publication let alone pay for a subscription.

They built up credibility by travelling throughout continental Europe to meet people and by making sure their newsletters contained information subscribers could not afford to be without.

Robert Marshall, founder of Marshall Trade Associates, a Bath consultancy which advises companies on countertrade deals, confirms that establishing credibility is difficult. He had problems persuading clients to deal with him rather than the countertrade departments of the big banks.

For the new company, marketing a service is more difficult than selling a tangible product, explains Marshall, who expects to achieve turnover of £60,000 this year.

Like countertrade, the management of foreign exchange and interest rate risks is also an esoteric subject. "Before I go to see people they often don't even know they have a problem," says Michael Pearce, founder of the three-year-old Tring-based PMC consultancy.

Pearce, who has just taken on a second person, built his business by phoning and meeting people and with the help of some timely press coverage of his activities.

The costs of setting up in business are not high – though the entrepreneur must have the means to survive for several months without earning a significant income. Pearce works from home while David Tallboys, co-founder of Equity Ventures, a two-person corporate finance boutique operates from a small office in Mayfair with a monthly overhead cost of about £1,500.

The drop in the price of computers mean that the small firm can match its larger rivals in technology. Tallboys, who worked for several large City firms before setting up on his own, says his firm's two personal computers – which cost about £2,000 – give him the same capacity and access to on-line databases as any of his former employers.

Raising start-up finance is not a large problem for new businesses in this field, according to the research study. Michael Pearce says he had no difficulty borrowing from his bank £15,000 of the £20,000 he needed to get started.

But for businesses such as Initiative Europe, which depend on subscriptions for newsletters and other publications, the financial picture is less favourable. Subscriptions are treated for accounting purposes as a current liability while the revenues are spread out over the period for which the subscription runs. The accountancy treatment of subscriptions means newsletter publishers have large current liabilities and a negative net asset position.

Explaining to the bank manager and to leasing companies that the balance sheet is not signalling the demise of the business causes endless problems, says Antonia Millen.

For the service business the biggest cost is usually salaries. The founder may be prepared to forgo an income at first but staff will not be prepared to work for nothing - or unduly modest amounts.

David Tallboys believes he and his partner should be able to match their City salaries on the basis of two or three sizeable deals a year.

But if staff – and their expertise – are the strength of the small business services firm they are also their weak point. Initiative Europe suffered a setback when one of the four founding staff decided not to return after taking maternity leave, says Millen.

The low barriers to entry mean staff can spin off and set up on their own almost as easily from a small business as they can from a large one. Awareness of the fact that staff can walk out of the door has partly conditioned Initiative Europe's approach. By concentrating on established a range of publications it will be creating a saleable asset which cannot walk off, says Millen.

The in-built fragility of firms in the field of business services puts a question mark over their future. Britain has done well at creating new businesses in recent years but less adept at helping them grow to any size. As the services sector comes to play a larger part in the economy the issue of growth seems set to become even more acute.

Entrepreneurship and Flexibility in Business Services: The Rise of Small Management Consultancy and Market Research Firms in the UK. By D. Keeble, J. Bryson and P. Wood. Tel. 0223 333399.

Small firms' view of their competitive strengths

	Number of mentions
Quality of work	45
Knowledge of specific markets/expertise	30
Quality of firm's staff	30
Personal attention of clients needs	29
Flexibility	24
Reputation	21
Specialization	20
Price	17
Awareness of client's requirements	14
Added value	12

Source: Cambridge University Small Business Research Centre

Initiative Europe's Antonia Millen and Simon Thornton

Learn how to read and how to lead

Charles Batchelor finds crackers on the bookshelf

If you have spent the past 12 months forgetting appointments, double-booking lunches, failing to delegate responsibility or neglecting to assume the leadership that was your due there is hope for the year ahead.

The business sections of most good bookshops are positively bulging with succinct and informative handbooks on how to take a firm control of your destiny and banish all the failings which have been holding you back.

Be an Achiever by Geoffrey Moss (98 pages £5.99) starts, it must be said, somewhat limply, quoting an influential businessman, on the secret of his success. "If I have learnt one thing over the years," this captain of industry vouchsafes, "It is that no-one owes you a living."

It goes on by inviting readers to classify themselves in one of three categories: those who make things happen; those who watch things happen; and those who wonder what happened. There follows a sackfull of helpful hints on choosing careers, chairing meetings and delegating responsibility.

For the under-achiever in search of a slightly more inspirational tone Pat Heim and Elwood N Chapman's Learning To Lead (78 pages £5.99) will provide a boost. The authors might be accused of dallying with the occult in chapters headed Developing Your Leadership Power Sources and Develop a Vision.

Personality power is the most important of our three primary sources of power, alongside role power and knowledge power, the authors explain. It is, they suggest, advisable to play down your role power because "a true leader does not need to remind team members that he or she is in charge". Instead, you should capitalise on your different physical traits. Napoleon was short, for example, while De Gaulle had a big nose, they point out helpfully.

For those seekers after truth distracted by some of the more exotic suggestions contained in these self-help books Improve Your Concentration! (Sam Horn 102 pages £5.99) offers the prospect of a healthy antidote.

But this impression does not last for long. Sam (a woman by the way) has no intention of keeping things simple. In the chapter entitled Why Can't I Concentrate? she identifies no fewer than 11 blocks to concentration, leaving extra white space for readers to add their own pet distractions.

In what must surely be a certain winner in any "Problems you didn't know you had" competition she goes on to explain the difficulties caused by Low Frustration Tolerance and Lack of Interest or Motivation. A later chapter provides no fewer than seven tips on motivating yourself to concentrate on uninteresting tasks. One way to get a boring task done is to make it more difficult, she suggests.

> Capitalise on your different physical strengths: Napoleon was short while De Gaulle had a big nose

If your problem is not so much concentrating on the tasks others set you but of thinking up some of your own then 101 Ways To Generate Great Ideas (Timothy R V Foster 124 pages £6.99) is the book for you. Experienced readers of self-help handbooks may have their suspicions aroused by the author's predilection for numbers in his title. They will not be disappointed.

Way 20: Give your Senses a Workout captures the flavour admirably. All your senses can help build your creativity, the author suggests. But you must keep them active. How?

Pick a familiar object. A banana for example. Work through your senses evoking memories. Take hearing. "Think of what the peel sounds like coming off, what it sounds like when you bite into it, when you eat it with a spoon." Mr Foster's other suggestions ignore the sensuous qualities and make more down-to-earth proposals such as: Understand your Objectives.

For those whose lives are such a mess that they need to read everything on the self-help bookshelf Speed Reading in Business (Joyce Turley £4.99) will allow you to gallop through in record time. Ms Turley is decribed on the cover as an innovator in the field of reading efficiency and she loses no time in demonstrating the freshness of her approach.

Speed Reading stands out from other self-help books in an important way, she explains in chapter one. "It's not a book simply to read – it's a book to use." Puzzling over this may temporarily slow the reader's progress but at only 64 pages this is hardly a tome to make heavy demands on the techniques it advocates.

Having briefly described situations in which the ability to read comes in useful – receiving memos, staying informed about world events and so on – she explains that reading more effectively can increase your income, improve your company's profits and increase job satisfaction. An important tool required for speed reading is a "pacer". The index finger is the most convenient one, she suggests. It acts as a useful discipline for our eyes which, she explains with clinical rigour, can be "jerky and lazy".

Those readers who remain sceptical of the benefits that can be gained from self-help books of this type should not forget an extremely valuable alternative role which they can fulfil at this festive time of year.

Most are packed with boxes to tick, spaces to fill in and self-assessment questions to puzzle out. If the latest board game fails to thrill, these books will provide more than enough interest and humour to compensate. Their advantage over a conventional board game is that they do not require any other players. Enjoy yourself!

All published by Kogan Page, 120 Pentonville Road, London N1 9JN

COMPANY NOTICES

ENSO-GUTZEIT OY
(incorporated with limited liability in the Republic of Finland)
U.S. $70,000,000
Floating Rate Notes due 1994

In accordance with the terms and conditions of the Notes, notice is hereby given that for the initial period 27th December, 1991 to 29th June, 1992, the Notes will bear interest at the rate of 4.6625% per annum. The interest payable on the relevant interest payment date, 29th June, 1992 against Coupon No 2 will be U.S. $1,198.00 per U.S. $50,000 nominal.
Agent Bank
ROYAL BANK OF CANADA

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN PIONEER ELECTRONIC CORPORATION

EDR Holders are informed that Pioneer Electronic Corporation has paid a dividend to holders of record 30th September, 1991 of Yen 12.5 per Yen 50 Share of Common Stock, and the Depositary has converted the net amount after deduction of Japanese withholding taxes into United States Dollars.

EDR Holders may now present Coupon No.12 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate.

Failing receipt of a valid affidavit, Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after 30th April, 1992.

Amounts payable per EDR of 1,000 Shares against Coupon No.12.

Gross Dividend	Dividend Less 15% Withholding Tax	Dividend Less 20% Withholding Tax
US$ 97.28	US$ 82.68	US$ 77.82

DEPOSITARY
Bank of Tokyo International Limited, London
24th December, 1991

AGENT
The Bank of Tokyo (Lux.) S.A.
Luxembourg

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN PIONEER ELECTRONIC CORPORATION

We are pleased to announce that copies of The 46th Semi-Annual Business Report for the six months period ended 30th September 1991, of Pioneer Electronic Corporation are now available to EDR Holders, upon application, to The Bank of Tokyo, Ltd., 20/24 Moorgate, London, EC2R 6DH, and the Agent, The Bank of Tokyo (Luxembourg) S.A. Residence St. Esprit, 1-3, rue du St. Esprit, 1475 Luxembourg.

BANK OF TOKYO INTERNATIONAL LIMITED
(London Depositary)
24th December, 1991

LEGAL NOTICES

NO. 0012541 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Mr Justice Hoffmann
Monday the 9th day of December 1991
IN THE MATTER OF
HOESCH WOODHEAD LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 9th day of December 1991 confirming the reduction of the Share Premium Account of the above-named Company by £11,707,566 was registered by the Registrar of Companies on the 19th day of December 1991.
Dated this 23rd day of December 1991.
SPEECHLY BIRCHAM,
Bouverie House,
154 Fleet Street,
London EC4A 2HX.
Ref: MRL/MTD/106142
Solicitors for the above-named company

ALLCENTRE PROPERTIES LTD

Registered number 892264
Nature of business: Property/Building Services
Trade classification: 46
Administration Order made: 11 December 1991
Administrator: John A. Talbot, 2731

AGB CONSUMER RESEARCH LTD.

Registered number: 1342201
Nature of business: Holding Company
Trade classification: 38
Administration Order made: 11 December 1991
Administrator: J.A. Talbot 2731

YORK RENTALS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named company will be held at: Holiday Inn Royal Victoria Sheffield, Victoria Station Road, Sheffield S4 7YE on 15 January 1992 at 2.00 p.m. for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 14 January 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned: photocopies (including faxed copies) are not acceptable.

Date: 18/12/91
C J Hughes
Joint Administrative Receiver
Cork Gully
Shelley House
3 Noble Street
London
EC2V 7DO

NOTE
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

No. 00858 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF MILLBARA INTERNATIONAL LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th day of August 1991 presented to her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £10,000,000 to £2.00 by returning capital which is in excess of the wants of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Millett at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 13th day of January 1992.

ANY Creditor of Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A COPY of the said petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the registered charge for the same.

Dated the 24th day of December 1991

Carruthers & Co of
239 Shaftesbury Avenue,
London WC2H 8PJ Solicitors
for the above named Company.

AUTOLIFTS & ENGINEERING COMPANY LIMITED
THERMOSTAR (UK) LIMITED
YORK TRAILER COMPANY LIMITED
TEC TRANSPORT EQUIPMENT & COMPONENTS LIMITED
[illegible]
YORK BODYBUILDERS LIMITED
ABEL DEMOUNTABLE SYSTEMS LIMITED
[illegible]
YORK TRANSPORT ENGINEERING LIMITED
TRANSPORT (UK) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named companies will be held at: Holiday Inn Royal Victoria Sheffield, Victoria Station Road, Sheffield S4 7YE on 15 January 1992 at 11.00 a.m. for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

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Date: 18/12/91
C J Hughes
Joint Administrative Receiver
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DO

NOTE
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

YORK TRAILER HOLDINGS PLC

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named company will be held at: Holiday Inn Royal Victoria Sheffield, Victoria Station Road, Sheffield S4 7YE on 15 January 1992 at [illegible] for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

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Date: 18/12/91
C J Hughes
Joint Administrative Receiver
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DO

NOTE
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YORK TRAILER (UK) LIMITED
YORK TRAILER INTERNATIONAL LIMITED
YORK GROUP SALES LIMITED
TEC HYDRAULICS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named companies will be held at: Holiday Inn Royal Victoria Sheffield, Victoria Station Road, Sheffield S4 7YE on 15 January 1992 at [illegible] for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

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Date: 18/12/91
C J Hughes
Joint Administrative Receiver
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DO

NOTE
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

YORK TRAILER OVERSEAS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named company will be held at: Holiday Inn Royal Victoria Sheffield, Victoria Station Road, Sheffield S4 7YE on 15 January 1992 at [illegible] for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 14 January 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
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London EC2V 7DO

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Dancing back through 1991

Clement Crisp reviews the year

It was a year of memorable performances, set against too many creations best forgotten. It was the bleak year that took Margot Fonteyn and Martha Graham from us; but a time when Darcey Bussell and Irek Mukhamedov, Ludmila Semenyaka, Altynai Asylmuratova and Thomas Edur, Stephen Jefferies and Rambert's Catherine Quinn – among others – made dancing glorious. It was the year when we saw *Winter Dreams* – but also *Cyrano*; the year of *Choreartium* from Birmingham's Royals, who had already unleashed *Licence my roving hands*. It was the year of Paul Taylor's company haunting us with *Nightshade*, and London Contemporary Dance slumming and slamming it in *Rikud*.

Winter Dreams was Sir Kenneth MacMillan's variation on themes from *Three Sisters*, and it drew Chekhovian performances from its entire cast, headed by Darcey Bussell, Irek Mukhamedov and Anthony Dowell. Other MacMillan works contributed to the pleasures of the year: *Danses Concertantes*, his first professional work, came back to the Opera House stage crackling with wit. *The Burrow*, was revived by Birmingham Royal Ballet, and reminded us that even in his early creations MacMillan found a language that could explore the psyche. *Manon* was illuminated by some of the most incandescent interpretations of the year, when Altynai Asylmuratova drew a capriciously beautiful heroine with Mukhamedov, dangerous and irresistible, as her brother. Mukhamedov – whose Royal Ballet performances have been unfailingly powerful and rewarding – then pulled off a splendid double by appearing as Lescaut to Viviana Durante's provocative, sensual Manon. Asylmuratova was later to provide a wholly Russian, and irresistible, reading of Natalya Petrovna in Ashton's *A Month in the Country*.

A spanking revival of *Scènes de ballet*, with Viviana Durante and Erroll Pickford very assured as its leading couple, came in a magnificent triple bill with *Les Noces* and *Les Biches*. This may have been caviar to the general public, who have become addicted to full-length works at the expense of the one act repertory, but the Opera House must persist with triple bills in order to show even part of the treasury of short works that are a heritage of our national ballet. The year's new three-acter, David Bintley's *Cyrano* won no praise on this page, though Stephen Jefferies was superb in revealing the poet's soul behind the nasal bombast.

The conversational intimacies – and the other intimacies, too – of William Tuckett's *Present Histories* did not seem well conceived for the Opera House stage, even with Darcey Bussell moving through them. Miss Bussell gave us a wonderful year, and triumphed at the Paris Opera in a series of gala performances. The notoriously partisan Paris audience took her to their hearts. Her radiant clarity had the true Balanchinian inevitability in *Agon* at Covent Garden (with Eddie J Shellman her splendid partner), and in the sunburst of *Symphony in C* which arrived to dazzle us in the Royal repertory. And as a pendant to the work at the Opera House, some of the year's most pertinent dance came from Jonathan Burrows with his Royal Ballet colleagues in the complete *Stoics*. Burrows is concerned with life's indignities and its frustrations, and the sometimes insane humour associated with hurt. A friend, lately divorced, said to me: "My marriage was like that".

It was a good year for Birmingham's Royal Ballet. Peter Wright produced an attractive new *Nutcracker* for his troupe, but three other novelties – Oliver Hindle's choreographic debut with *Sacred Symphony*, Graham Lustig's *Inscape*, and William Tuckett's abrasive *Licence my roving hands* – were outshone by revivals. Balanchine's Symphony in Three *Movements*, given with the right energy; MacMillan's *The Burrow* and his serene *Pavane* duet; Paul Taylor's *Airs*, were notable acquisitions, and the fascinating rescue operation by Tatiana Leskova which brought us Massine's *Choreartium* meant a major work of our century's dance was restored to us. Any assessment of BRB's year must gratefully record the bright and effortless coloratura, and the gently persuasive emotions, that mark Miyako Yoshida's dancing, as well as the intensity of Marion Tait in *The Burrow*, and Petter Jacobsson's classic distinction.

English National Ballet knew a difficult period of readjustment after the previous year's directoral upheavals. Much of the repertory had a shop-worn air, but a constantly redeeming feature were the performances by Yelena Pankova, Thomas Edur and Jose Manuel Carreno. Edur reasserted the traditional virtues of classical dancing in every role – not least in the company's pretty-looking but hyper-active *Nutcracker*. Carreno – Dionysos to this Apollo – was vividly in command of his repertory, and made a swaggering Petruchio in *The Taming of the Shrew*, which was not so much tamed as mugged. Koen Onzia in *Swan Song*; Josephine Jewkes in *Ann Frank* (more a good cause than a ballet) and in *Les Sylphides* with Paul Chalmer, gave valuable performances. In a welcome coup at the year's end, ENB announced that it has acquired a true prima ballerina by engaging the Bolshoy star Ludmila Semenyaka.

Northern Ballet Theatre revised its *Don Quixote* to good effect, and brought its *Romeo and Juliet* to London's version of Moscow airport, the Royalty Theatre. London City Ballet, working and touring hard – and still without proper Arts Council subvention despite (or perhaps because of) their popularity with the public – acquired Ben Stevenson's *Romeo and Juliet*, gained Yelena Pankova as a guest, and played a season at Sadler's Wells largely devoted to that well-known case of mistaken identity, *Swan Lake*. Scottish Ballet made two brief, blink-and-you-miss-them forays to London. The first was to a Dance Umbrella gala with an unlovely sample of Jiri Kylian "let's all trudge up to the back-cloth" angst; the second was no more than a night in Barking (which should be the title of a 1940s comedy film) when the company's small touring group brought a well-planned programme with, as its centrepiece, Kenneth MacMillan's hallucinatory *Sea of Troubles*, a brilliant gloss on *Hamlet*.

London Contemporary Dance Theatre, under Nancy Duncan, its new director, showed magnificent dancers in exasperating dances, with *Rikud* by Liat Dror and Nir ben Gal as my nomination for "Brute of the Year". (That the repertory provided several runners-up in this contest is sufficient comment). Arc Dance (also unsubsidised by the Arts Council) produced Kim Brandstrup's secure, expressive creations – *The Dybbuk* and *Mysteries* ; while Siobhan Davies staged a new and unsurprisingly chilly *Arctic Heart*. Phoenix Dance's energy gave a shine to otherwise lacklustre choreography.

For Rambert Dance Company the year was marked by a search for a suitable London stage – vain hope in these pauperish times. Neither of the company's choices – Riverside Studios (too shallow, and impossible to get to through the hell of Hammersmith Broadway), and the Royalty Theatre – seemed a happy location for a troupe that did not know an especially happy year. Catherine Quinn and Amanda Britton gave sterling performances in everything, but two novelties – William Tuckett's *Slippage*; Laurie Booth's *Completely Birdland* – were less effective than I had hoped. Laurie Booth's own appearances, in partnership with Russell Maliphant, must count among the best things of the year, mysterious, potent.

One other new-wave dancer, Julyen Hamilton, dominated The Place in his *Friday* solo, a fifty-minute exploration of Crusoe's identity that gripped by its physical and imaginative control. Much of the other new dance that I saw was miserable, addled stuff, though Michael Clark's momentary irruptions into the maelstrom of a Stephen Petronio season showed his style still elegant and powerful.

Any list of the year's thrilling performances must include two stars of the Japan Festival: Makio Umewaka moving through Noh plays, the incarnation of hieratic art, sublime and immutably grand; and Tamasaburo in *onnagata* roles with the Grand Kabuki troupe, femininity distilled to its most potent theatrical essence. And no less memorable the cast of *Tango Argentino*, the insidious melodies and steps of the dance winding round and through the couples, binding them marvellously together.

Other visitors were disappointing. The Dutch National Ballet arrived at the Coliseum with a long, bland *Romeo and Juliet*, and were followed by the Spanish National Ballet with slick and flavourless offerings. The Edinburgh Festival – last resting place of so many of our hopes for worthwhile dance – harboured the Cuban National Ballet, which looked in poor shape, not least when providing rhubarb-ish dance to back its 70 year old assoluta, Alicia Alonso. Then came the Berlin Ballet, with four and a half hours of Béjart's lucubrations about *The Ring*, after which, as after the Chinese water torture, you are prepared to admit to anything – except that the choreography is worth looking at. A Berlin *Giselle* had wonderful design by Desmond Heeley and underpowered interpretation.

The autumn brought a small Russian invasion – or rather, given the rigours of Moscow life, an exodus. The young and inexperienced Moscow City Ballet proposed amateurish-looking stagings of several "classics", with hideous design. They were transformed and transcended by the presence of Ludmila Semenyaka, then on leave from the Bolshoy, who stamped every moment with greatness. Moscow Festival Ballet toured with classical divertissements, and featured Lubov Kunakova to remind us of the power of a true ballerina to rise above the commonplace of concert ballet. Vyacheslav Gordeyev brought his Russian State ballet with polished presentations and pleasing dancers, but, alas, with no repertory in which his own present abilities might be properly admired. Another Moscow troupe – the quaintly named *La Classique* – did not sustain its proposed tour, and no comment is possible.

Rudolf Nureyev made what was billed as a "farewell" tour. The event, as I saw it in the unlovely surrounding of Wembley, had a ramshackle air, but at least allowed us to see Evelyne Desutter and the Bolshoy's Andrey Fedotov. Other dancers ranged from the interesting to the ludicrous (a swan *died with every symptom of delirium tremens*), and Nureyev wisely restricted himself to roles that do not strain his present competence. To Sadler's Wells came Trisha Brown with dry dances, and Paul Taylor with juiciest movement, strong dancers, a fascinating repertory, and unfailing dynamic and theatrical excitement.

The Royal Danish Ballet made history by inviting Queen Margrethe II to provide lively, idiomatic designs for that most essentially Danish of Bournonville's works, *A Folk Tale*. The Paris Opera Ballet made history, after a fashion, by providing leaden and unidiomatic Breton designs for *Giselle* (or *Down among the dolmens*). Paris is effortlessly the dance capital of Europe, with a wonderful variety of performances in no less than five major houses, and with an audience willing to sample every kind of programme. (William Forsythe's anxious, vehement work for the Frankfurt Ballet has found a second home at the Théâtre du Châtelet, where it is greeted with hosannas in which I find it difficult to join). But then, of course, dance is recognised in France as a serious aspect of national culture and national identity. Funding is generous, and though this small pink corner of *perfide Albion* may mock at the pretensions of French modern dance (while adoring French ballet), the promoting of dance is a matter of pride throughout the country, and makes it a vital aspect of the nation's cultural life. How very unlike the home-life of our cwn dear companies.

Alastair Muir

Irek Mukhamedov and Darcey Bussell: two bright Royal Ballet stars in Macmillan's 'Winter Dreams'

Something completely different: 'Tango Argentino'

The Ghosts of Versailles

METROPOLITAN OPERA, NEW YORK

John Corigliano's first opera, *The Ghosts of Versailles*, which had its first performance at the Met last Thursday, is the first new opera the company has done in nearly 25 years – since Marvin David Levy's *Mourning Becomes Electra*, with Evelyn Lear and Marie Collier, in 1967. *Ghosts* was a triumph with the public, a success with the New York press, and a sell-out at the box office. Seven performances are scheduled; the opera is being taped for television; and Chicago will be doing it next.

I have mixed feelings. Pro: it is heartening to find a new opera greeted with a standing ovation. Corigliano is a deft, clever composer with his heart in the right place, and a master orchestrator. The libretto, by the playwright William Hoffman (*As Is*), is intricate and interesting, and has a serious subtext. The performance – conducted by James Levine, produced by Colin Graham, and designed by John Conklin – was as good as can be.

Anti: the details of the libretto are confusingly and clumsily worked. The music, however skilfully, treads such safe, unadventurous, familiar paths, and some of the jokes are so crude or obvious (a Valkyrie strides on crying that German opera is the only true opera), that the Met audience may well be confirmed and reinforced in its deplorable notions of "what opera is".

When Levine suggested the commission, back in 1979, Corigliano said he wanted to write an opera buffa. Levine said the Met was rather a big place for that. The idea of a "grand opera buffa" was born, and *The Ghosts of Versailles* is a big piece, with 12 principals and 20 more solo roles, with both stage and pit orchestras. The two acts last about 90 and 80 minutes.

Corigliano and Hoffman chose *La Mère coupable*, Beaumarchais' third Figaro play, as their subject. When they looked at it more closely, they had second thoughts. (Grétry and Britten both considered and then dropped it; Milhaud set it in 1956.) A new drama resulted, in which elements of *La Mère coupable* provide an opera-buffa-within-an-opera-seria.

In the theatre at Versailles, the ghosts of Louis XVI and his court assemble. Beaumarchais offers them an entertainment, his new opera. Beyond that, he says that his opera has the power to change history; Marie Antoinette, with whom he is in love, will not go to the guillotine; the Revolution will not take place; a new age will come into being. (This sounds muddled, but so is the libretto.) He borrows the Queen's diamond necklace, as a means to effect her escape from prison. We see it next (on the stage within a stage) in Count Almaviva's hands. Figaro steals it and, like a good revolutionary, refuses to relinquish it when he learns that it will save the Queen. In doing so, he departs from the role Beaumarchais assigned him. The furious playwright, followed by the other ghosts, enters his play to confront Figaro, and they all enter "history".

Figaro witnesses Marie Antoinette's trial and is moved to pity. He relinquishes the necklace – but, confusingly, to the villain of *La Mère coupable*, Bégearss, who claps the Almavivas into the prison where Marie Antoinette lies. By comic ruses they escape, but the Queen refuses to leave and accepts her fate. She realises the depth of Beaumarchais' love for her, and in the gardens of Aguas Frescas, or in Paradise (the score and the synopsis differ), their shades are united.

Graham expresses the subtext thus: "Without concern for others, there can be no resolution of your own problems or desires; without forgiveness there is no being forgiven; without self-sacrifice there can be no salvation." It is an allegory for our time, he says. Hoffman (who seems to be something of a Royalist and slants the depiction of the Queen's trial) calls the piece an opera about revolution, "that most current of events," and reconciliation.

Corigliano uses three main kinds of music. For the ghosts: whisps, *drifts*, *clusters*, *webs* (like those Ligeti and Penderecki used to spin) close-woven of lapped rows. For the Figaro characters: Mozartian or Rossinian pastiche, pop-tinged, with specific allusions, and other allusions to the standard repertory. For the romance: music that recalls sometimes early Britten but more often late Strauss, with voices lapped in slow melody over slow-moving harmonies. The sentimental, "nostalgic" *Fortspinnung* of some numbers goes on too long, and with less than Straussian distinction. Both score and text would profit from keen editing.

Teresa Stratas, still clear and full on high though faded in the lower register, was a moving Marie Antoinette. Marilyn Horne revelled in an eight-minute spot (unrelated to the plot), parodying the wails and wandering arabesques of an Egyptian night-club singer. Gino Quilico was a bonny Figaro, Ha 'kan Hagega'rd an earnest Beaumarchais. The other principals were Renée Fleming (the Countess), Judith Christin (*Susanna*), *Stella Zambalis* (Cherubino), Tracy Dahl (Florestine, the Count's illegitimate daughter), Graham Clark (Bégearss), Wilbur Pauley (his servant), Peter Kazaras (the Count), and Neil Rosenshein (Léon, the Countess's son by Cherubino).

The staging, the sets, and the costumes were lavishly inventive. The show apparently cost millions.

Andrew Porter

New grant from Pools association

The Foundation for Sport and the Arts – established by the football Pool Promoters Association – has announced a second round of grants totalling £9m. Of that total, £3.7m will go to organisations in the arts sector.

Aberconwy Borough Council in North Wales will receive £500,000 towards the cost of building a new theatre in Llandudno. Welsh National Opera gets £160,000, the London Symphony Orchestra £68,000. In this, its first year of operation, the Foundation will be given £40m via the pool Promoters Association. A further £20m is being made available by the government from a 2½ per cent cut in Pools Betting Tax.

Monsters, myths and works of war

William Packer on artists Leonora Carrington and Richard Eurich

We are inclined to be too much preoccupied with the young while ignoring older, richer, more subtle reputations. The loss is our own, and now two current exhibitions point the mistake to a nicety. Yet, even so, the visitor leaves the Leonora Carrington retrospective exhibition at the Serpentine Gallery (Kensington Gardens W2, until January 26, then on to Preston and Bristol: sponsored by Rockwell Graphics and the Elephant Trust) with mixed feelings.

Carrington is now 78 and has spent her adult life abroad, the better part of the last 50 years in Mexico. She has seldom shown in England, even in group exhibitions, and this is apparently her first proper show in London. And, like anyone who comes to us more by reputation than in the substance of the work, perhaps the circumstances of the life takes on too much importance. With the surrealists, that rackety lot, this is especially true, and Carrington, convent girl and debutante that she was, would seem indeed to have led a fully surrealist life.

There is nothing wrong in that, the only difficulty being that such impeccable surrealist credentials as hers – associate and friend of Ernst, whose portrait she painted, of Eluard, Penrose, Breton, Edward James the great patron of surrealism – may lead us to lay more weight upon the work than it can bear. Surrealism is naturally a literary genre, the work readily tending towards illustration, and Carrington's literary influences are manifest: myth; legend and fairy story; psychoanalysis; Shakespeare; Graves's *The White Goddess*; *The Tibetan Book of the Dead*; the paintings of Bosch and Breughel. She has indeed produced a quantity of illustration and design for the theatre. Latterly feminist criticism has caught up with her.

Taken at its more modest level, however, the true charm and point of the work comes through. She is no great painter as such, the paint thin on the surface, the line spidery and effete, the image left to carry the whole thing. And yet we are still drawn in to the magical and mysterious private world of her imagination, with its monstrous beasts and hybrids, witches and demons, ghosts and spirits, all suffused by a curiously delicate romanticism. In this respect, she remains unexpectedly English, a neo-romantic. The formal sympathies in her work for such artists as Klee and Cocteau are clear enough, yet we find ourselves thinking quite as much of Michael Ayrton or Mervyn Peake.

It is a case of getting rather more by expecting less. Leonora Carrington's work stands well enough on its own terms, and this retrospective, long overdue, is, in its own entirely idiosyncratic way, delightful.

★

With Richard Eurich, whose work for the War Artists Committee during the Second World War is now on show at the Imperial War Museum (Lambeth Road SE1, until January 12: catalogue sponsored by The Fine Art Society), there are no misgivings at all, but only a resigned dismay at the unconscionable official neglect of a remarkable artist – the Imperial War Museum an honourable exception. Eurich, it must be said, is represented in any number of public collections, including the Tate, but representation is one thing, recognition and celebration of achievement quite another. He is now 88 and a major figure in a generation given a particular creative opportunity by the chances of war-time patronage – Edward Bawden and Edward Ardizzone come to mind in the same case. When was he, and artists like him, last included in any major survey of British art in the 20th century, or offered a retrospective at the Hayward, the Tate, or even the Serpentine?

From Dunkirk to D-Day is the exhibition's title, which explains itself well enough in general terms. But Eurich was unusual as a war artist in that he settled to subjects on the Home Front only to propose something altogether more active and epic. But he was not sent on active service, as were Bawden, Ardizzone and so many others, to witness the war at first-hand, but worked largely from secondary sources, photographs, maps and topographical and technical notes.

It is a measure of his extraordinary imaginative achievement that the fidelity of his work so seldom comes into question. For all the grand sweep of his compositions and the necessary formal devices of narrative painting, we never doubt that he knew just what he was about. The telling details, the push-bikes abandoned in the Dunkirk sand-dunes, the pitiless seagull perched with the survivors on the upturned boat, the explosions, the cliffs looming above as the raids go in at Vaagso, Bruneval and Dieppe, all ring true. This of course is entirely legitimate within the great tradition of history painting, but we have grown so used to the documentary-maker on the spot, painter or photographer as he may be, that we forget to make due allowance for such remarkable leaps of the creative imagination.

There have been few better painters of the sea and ships, certainly in our time, which subjects largely occupied him in the intervals between those epic considerations. Even then the epic narrative continues, whether by discreet implication in the images of quiet preparation for war in rural boatyards, or more openly in the paintings of the air-raids on Portsmouth.

Eurich is a deceptive painter, austere and tightly disciplined in his physical handling of the paint, and yet romantic and humane in his personal vision. He has been too long neglected.

'The Inn of the Dawn Horse (Self Portrait)' by Leonora Carrington, 1936/7

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
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Tuesday December 24 1991

Stopping war in Yugoslavia

YESTERDAY, Germany became the first European Community country to recognise the independence of Slovenia and Croatia. As a result, Yugoslavia, in effect, ceased to exist.

Germany's decision to recognise these two republics before January 15 – the date agreed by EC foreign ministers so as to give time for republics seeking recognition to meet certain criteria – means that EC unity on foreign policy has been fractured; the cost of this is not at this stage countable, but it may be high. Since Germany has also recognised a Croatia which is in a state of war, is not in control of its borders, and cannot guarantee the security of its Serb community, it has also created an untimely precedent by setting new standards for the recognition of states, which will prove relevant elsewhere in eastern Europe.

For all their frustration, Germany's EC partners also know that Bonn's decision is entirely consistent with its longstanding policy on the Balkans. For months Mr Hans Dietrich Genscher, Germany's foreign minister, has said it would recognise Croatia before the end of the year. Germany never doubted that Serbia was the aggressor, that Croatia was being militarily occupied, and that a part of the republic was being destroyed.

Shapeless policy

Emotions were heightened by the presence in Germany of a sizeable Croat catholic community and the close ties many Germans feel with a country familiar from holidays, not to mention their country's close historical and economic links with Yugoslavia. With the waning of US influence in Europe since the end of the cold war, Germany has felt increasingly strongly that it must take the lead in shaping the EC's and in effect the west's often shapeless policy. The war in Yugoslavia confirms Germany's *entrée* into this arena.

With self-assertion, however, comes responsibility. Germany must now start to analyse what recognition means, and how the fighting can be stopped. Above all, it must avoid fuelling Croat illusions that recognition will provide *carte blanche* for the republic to arm itself in order to regain the third of its territory now under the army and Serbian control.

Such a development could lead only to the escalation of the war to other republics, particularly Bosnia-Hercegovina. Indeed, Croatia has been anxious to open up a second front in Bosnia, in order to prevent the army from consolidating its grip over eastern Croatia. If the fighting is to be contained, two things must happen: an *erosion of the fire-power of the* Serb-dominated federal army and the curbing of Serbia's territorial ambitions. Neither objective will be easily attained; Germany should now lead its EC partners towards a serious attempt.

Economic strain

Although Germany is not a member of the UN Security Council, Bonn, and the EC, must move quickly to persuade the UN to send a substantial peace-keeping force to Bosnia, as that republic has itself requested. All the federal troops being withdrawn from Croatia are sent to Bosnia, which is suffering consequent economic strain, not to mention the political balancing act of preserving unity between its three ethnic groups. Bosnia is also the manufacturing base for the military machine. From there, Serbia and the army can launch attacks into Croatia. That is why Serbia and the army oppose an independent Bosnia.

A UN presence should be coupled with UN and EC negotiations to address the status of the federal army. The end of Yugoslavia has left an army without a state, without a budget and fighting for its survival. The army is a big part of the problem, but is also a necessary part of any solution. The west needs to offer to finance the demobilisation of the army, with suitable pensions for its officer class. Failing that, the army will remain the powerful, and destructive, *military force feared by the* republics and some neighbours. A neutralised army could also be a first step towards weakening Serbia, and regaining Croatia's territorial integrity.

Following the German suit

TO FOLLOW or not to follow, that was the question. It was a question that could have only one answer. All the interest rates of currencies within the exchange rate mechanism have followed the Bundesbank's lead, except for UK's, whose government is hanging on to a 10.5 per cent base rate by its fingernails. At such times, people dream of realignments. But if lower interest rates are what they seek, such thoughts are pointless. What is needed, instead, is modification of the European Monetary System in the period leading to economic and monetary union.

That the German interest rate increase was economically inappropriate for the rest of Europe is evident, especially when it was so promptly followed by the one percentage point cut in the American discount rate. Short term real interest rates in France, for example, are now around 7 per cent, a frightening level for an economy struggling with high unemployment and low economic growth.

Nevertheless, a general realignment would not lower interest rates in the rest of Europe. The rate of interest of a given currency can be below that for the D-Mark only if the currency in question is confidently expected to appreciate against it. But there has not only never been a revaluation against the D-Mark within the ERM, but it is virtually inconceivable that the German authorities would permit one. Interest rates – both short and, still more, long term – cannot for long (and will never be much) below those of a currency that is never expected to devalue against the others.

Competitiveness

The benefit of realignment would, therefore, be that of increased competitiveness, with that gain offset by somewhat higher inflation and, almost certainly, by higher interest rates as well. But experience with the effects of the post-unification surge in German demand upon the rest of Europe suggests that enhanced export opportunities would normally fail to offset the cost of higher interest rates.

Realignments should not be ruled out for all time. A final adjustment for those currencies that will meet the Emu criteria, but as close as possible to the start of stage 3, might make sense. The interest rate cost of such a realignment could be small, but only because it would be seen as the last one. Meanwhile, the competitiveness gain for countries that have had to suffer substantial real exchange rate appreciation as the price of convergence on inflation would be substantial.

Vulnerability

The immediate question is how to manage the ERM over the period of vulnerability that lies ahead. The most important step would be to make German policy-making more sensitive to European monetary conditions, by increasing the weight of other central banks in European policy-making.

The independence of the other national central banks should be brought forward to the earliest conceivable date. Once they are independent from political control, they might, for the first time, be viewed by the Bundesbank as credible interlocutors. The commitment of member countries to Emu could also be greatly enhanced by further narrowing of bands. Recent experience demonstrates that countries do gain modest independence from broad bands, but that there is little benefit in the fluctuations allowed by the narrow bands. These could well be eliminated.

Once the others have made these changes, the Bundesbank might be prepared to consider modifications to the rules of the ERM itself. The structure of the system is asymmetrical at present, since the *D-Mark* never reaches its ceiling before others reach their floors. There is a case for greater symmetry, but only if all participants share the Bundesbank's fundamental objectives.

People should forget the idea of realignment. What is needed, instead, is a more symmetrical ERM, but one whose foundation stones are independent central banks, each committed to price stability. *As for* the UK, it is, as usual, an outsider in this debate. It may even manage to avoid the general interest rate increase. But neither Mr Major nor Mr Lamont can count on it.

David 'Tolkien' Marsh tells of Helmut the hobbit and his Mark

Lord of the Coins

The morning sun gleamed coldly bright in a rain-washed sky. Helmut shivered as he pulled on his jerkin and tightened the leather belt. Patting involuntarily a weather-stained pouch, the hobbit was momentarily comforted. Close to his skin for many weeks he had carried the metallic Mark, wrought with ancient skills and sustained in the furnaces of his people's industry. The device had not strayed from its holder during the night now passed.

Round-faced he was like a good number of his folk, and thick of waist; for hobbits – fond as they are of songs and simple jest – are gladder still to have before them food and drink, and like nothing better than six meals a day. Yet a strain was upon Helmut's countenance, and his frame had grown thinner. Of a peril and an urgency unsurpassed in fantasy was the errand on which he was embarked: to take the thing most precious to the Shire, and to destroy it in the Fires of Mount Berlay, far to the north, the realm of Deloron, of whom few now speak without a shudder, and none without awe.

Seized by sudden desire, Helmut drew out the coin. Forged it was of dull mineral, and hard in his grasp, and clean and smooth to behold. Yet as he placed it in his palm, the ore did glimmer, and the Runes upon its surface became burnished, and blazed aflame. For he who was versed in elven lore, the fiery letters could be discerned:

One Mark to rule them all,
One Mark to find them.
One Mark to bring them all,
and in the darkness bind them.
In the Land of Bubank, where
the Shadows lie.

Stirred as if by some far-off memory, Helmut sighed. Hastily he stowed away the disc before his retainer Genschee scurried up with the breakfast utensils. Mushrooms were prepared, their scent rising into the trees.

Helmut thought back, to his boyhood long ago. Only now did the significance of the premonitions of Uncle Adenau become clear! The founder of the Shire had survived the Great Torment and brought his people to prosperity and had lived even by hobbit reckoning to an improbable number of years before he had so mysteriously disappeared. In the coming Re-Ordering of Middle Earth, so the sage old hobbit had foretold, the Shire would again be One. But the Mark, the Symbol of Sovereignty, would become of a mightiness such that Men *beyond the borders* would both yearn for and fear it, and would be consumed in passion.

Since the Re-Ordering two years before, Helmut pondered, the lands to the East of the Shire had indeed been riven by tremors and dark tidings. Of his friend Gorbi the Dwarf no news which was not ill for months past had come. His throne was broken and Eltsinn, it was said, would now rule. In the eastern Shire, there roamed Orc-bands, foul-mouthed and shaven-headed, beating the smaller hobbits from across the Ocean and assailing the wardens assigned to protect them. As for the Mark, it was strong, and desired by all. For it alone imparted power. Adenau was right: it must be sacrificed!

Helmut shivered again, and reflected on his experience before the Congress of the Elders, at the Round Hall on the Maas River a fortnight before. The Men-Kings of the West and South, Mittersh and Andretton, rulers of proud and courtly bearing, whose tongues he admired but could only indistinctly comprehend, had thus decreed: the Mark must be sundered in the Fires of the North. From its fragments, the New Prize of Middle Earth, the Ecu, would spring! Dismay was in Helmut's soul on hearing the ruling. But learned enough in Knowledge was he to realise: reluctantly he must obey!

The recollection saddened him anew. Genschee deadened the fire – cautious lest the wisps of smoke be seen by watchful eyes – and scoured the pans with fresh water, and saddled the ponies. In silence they set out into the grey of a morning from which the night-mist would not lift during long hours ahead.

Far to the South, in the many-windowed Tower, the power of Bubank was already aroused. It sent forth its searchers and its servants ceaselessly and unyieldingly, seeking that which had been lost – and which it vowed to find again! Like the aching scar of an old knife-wound, Helmut felt the pull. The pouch seemed ever heavier, like a mill-weight, drawn to its Masters. All the countryside was seared with alarm. The 16 Black Riders from the Council of Bubank, terrible of demeanour, were abroad, reclaiming what was theirs: "The Mark, the Mark!"

The small folk in the byways and riversides scampered into their cottages and their holes, and even the woodland creatures did cower. All at once, the ponies stumbled, and Helmut was unseated. Genschee was flung aside, his packages of victuals dispersed into the undergrowth. Helmut sensed the thrall of the Riders and *their chill breath and was* beset by an exhaustion which wormed numbly into his bones. "Go back!" he cried weakly. "Go back to the Land of Bubank, and trouble me no more!" His voice sounded thin and shrill in his own ears. His foes laughed – a laugh more wan than solitude, more deadly than sin. "The Mark, the Mark!" they hissed. "Come with us – Ecu shall not be!"

Suddenly, there followed a rush and a confusion and a whirl of hooves. Majorier, the Grey Warrior from across the Water, was in their midst! Great was his anger and stout was his staff. His sword Sterling, notched and bloodied with the scores of the past, but mighty still in the minds of Men, smote the air. Amid the tumult, Helmut recalled their parley in the Round Hall two weeks earlier. If only he had heeded Majorier's offer, and taken as companions the two faithful Elves Optinin and Optinout, the danger on the road could have been averted!

The Chief Rider of the Bubank, helmeted and visored, strode grimly forward. From his great scabbard he drew forth Lombard, that most fell of weapons, and raised it high, and the firmaments in the Old and New Worlds flashed with fierce ciphers and dread numerals, and all were sorely afraid. "Now I understand!" muttered Majorier. "Sterling's Bane! Many shall Work no *more!" The Grey Warrior's* staff broke asunder and Sterling fell as its elven bands were burst and the lands all around shook. "Fly, you fools!" shouted Majorier, summoning Optinout with his bow to his side, and the night was filled with the lightning of their wrath and the force of their flame. Helmut crept away into the darkness. But the burden in the pouch weighed not lighter, and his forebodings were not stilled.

On wound the road though land wide and empty and mournful, affording neither succour nor comfort for the weary hobbits. Helmut and Genschee passed through Deloron's Gate in the foothills of Berlay and they knew that their journey would soon end. The mountain's sulphurous fumes issued stronger as they toiled upward. To lighten their load, Genschee cast away all but his trusty potato-peeler and a few packets of pipeweed for himself and his master. The Crack of Doom was near, into which the Mark must be flung for the Ecu to arise!

Wretched and in great need, Helmut heard the click of high-shorn heels behind a tufted outcrop on the bleak rock. The Lady Thatcheriel had pursued them unbeknown! More haggard was she than on their meeting moons ago in Finchley Wood, and crueller were her eyes, yet still was her hair woven and lustrous and her voice musical, though deeper than woman's wont and telling of much strife. "Don't throw away your Sovereignty!" she cried. "Give *me* The Precious!"

But as she grappled for the Mark and clasped it in her hand and claimed it for her *own, she toppled over into the* Crack and her shriek "I told you, Helmut" was but an echo from the chasm far below. And there was a roar and a river of fire. The Summit of Berlay erupted and heaved. Far away *the foundations of the Tower of* Bubank did tremble and its battlements were despoiled and the Riders cast down and their power extinguished.

There burned both trouble and rejoicing in Helmut's heart. The Quest was achieved. But the Mark was disappeared and the Age of Stability would be no more! He gazed at Genschee and they turned their feet not homewards but towards the Grey Havens and were gone. Though folk tell tales of them still by the hushed glow of firelight, and gaffers in the crofts croon songs of their doings, never again were they witnessed, not by hobbit nor by Mortal Man.

God's gift to mankind

By Dr George Carey
The Archbishop of Canterbury

A couple of weeks ago we had a family outing to France. A day trip across the Channel is one of the many good things that comes from a home in Canterbury. Outside Boulogne we decided to do some shopping at an enormous supermarket where we found what seemed like thousands of other Britons doing the very same thing at the same hour. But I was a bit troubled by the experience. It was the sense of all of us jostling to get our supplies, as if we were all about to undergo a siege, which made me uneasy. Human beings as consumers are not at their most attractive.

The following day, a Sunday, I was on my way to Sandhurst College to preach, when we passed a big supermarket with many people waiting patiently for the store to open. A colleague with me sniffed with disapproval and muttered: "Would you believe it: they have six days to shop and they have to do it on Sunday."

Both incidents made me ask: what has this to do with the meaning of Christmas? At one level they seemed the ultimate expression of a post-Christian society in which the substance of the festival has been lost and the eating and merry-making have taken over. Yet that simplistic response does not satisfy me. I began to ask myself the question in reverse: what has the real meaning of Christmas to say to us today?

First, we need to avoid thinking that lamenting the worst excesses of consumerism somehow devalues the importance of wealth creation. In a recent address to the Per Cent Club (part of Business in the Community) I said that Christians have not always supported the wealth creators as much as we should. We have sometimes been churlish about recognising the value of business and the competitive instinct. Wealth does not grow without work. It is created by imagination, risk, skill, competition and labour. Good ideas, hard work and ingenuity are in the long run rewarded – and rightly so. These are God-given talents being put to use.

Human ingenuity combined with the resources of the earth provide all sorts of blessings. And that is something our wealth creators need to hear because we are still experiencing the effects of a recession which has sent many a business into bankruptcy.

But wealth does not exist separately from human values and aspirations. And that is where Christmas comes in. My favourite Christmas verse has little to do with shepherds, angels and wise men. It comes from St Paul who said simply about Jesus Christ: "He who was rich for our sake became poor." Here is the ultimate in wealth sharing. God's riches in Christ are shared – for our sake. God does not hoard his wealth of love and goodness. He puts it at our disposal. That is the essence of Christianity. When we strip the rhetoric and look beyond the sentimentality of some of the Christmas carols, we come to the shocking truth that God loved humanity so much that he became one of us. For our sake.

God puts his greatest treasure into near bankrupt human stock and injects his capital into our company. His generosity is staggering. None but a gracious God would think sinful humankind a wise investment.

What has this message to say to us today, particularly in the City? First, wealth uncontrolled by an ethical concern runs the risk of selfish destructiveness. At our best, we live for the sake of others. That must be the aim of business ethics as well as our personal morality. Service, not exploitation, is the foundation of the most successful businesses.

Second, the creation of wealth must be subject to law and never above it. I recall that Thrasymachus in Plato's Republic claimed that "might is right". But no government, no company, no business, no individual should claim to be above the law or should ever seek to circumvent it. My concern about Sunday trading is not about getting people to church. It is about preserving a day of rest, an idea not restricted to Christianity.

But now there is an added problem. Some companies are deliberately breaking statute law because it serves their interests to do so. The implications are serious. Do we choose which laws we like to obey? Does it make joy-riding less likely when youths see big business getting away with illegal acts just because they are powerful or claim that the law is in need of reform? There is no generosity of spirit in this attitude. That's why it sits so uncomfortably with Christmas.

This brings me back to the message of Christmas. God's generosity "for our sake" is seen in the gift of Christ. The Christmas ethic is that he who was rich for our sake became poor, and all that I most value about life flows from it. Christ redeems a selfishness which has the capacity to tear individuals and society apart.

He became poor. For God, the poverty he took on was the poverty of human nature. Compared with the God-head this was poverty indeed. But in doing this God made us rich. He bought the unsound company and turned it round.

That's why the message of Christmas still needs to be heard. There is no message more relevant to our age; no person more contemporary than Jesus. A Christian culture is still worth our best efforts. I shall continue to seek to maintain all that is best in it. I hope you will too, and I hope you will have a most enjoyable and merry Christmas – celebrating the generosity of God.

OBSERVER

Shrinking membership

■ What have the following got in common: Blue Circle, Courtaulds, GEC, GKN, ICI and Tate & Lyle? And why should the bosses of Blue Circle and GEC be more worried than their *opposite numbers at Courtaulds* and Tate & Lyle?

All six companies are original constituents of the FT Ordinary share index, better known as the FT-30 club. It tends to be overshadowed by *the FT-SE 100 these days, but* the membership list of the 56-year-old index is worthy of study, if for no other reason than that it highlights the limited life of so many famous names.

Who, for instance, remembers Bolsover Colliery, Fine Spinners and Doublers, Pinchin Johnson, or Murex? Some originals, like Vickers and Rolls-Royce, still soldier on, but fell out of the index when they hit hard times. Others such as London Brick, Imperial Tobacco and Dunlop Rubber, have been snapped up by predatory new members such as Hanson and BTR.

British Leyland lost its place *after the 1974 recession, but* it was a relative new boy as were John Brown and Tube Investments – dumped after the early 1980's shake-out. Last month, another FT-30 founder member – Hawker Siddeley – was swallowed by BTR.

Which of the remaining half dozen founder members will no longer be in a position to pay their club fees after the current shakeout? Blue Circle and GEC need watching, on the basis of Observer's superficial research, since their shares are more lowly rated in the current recession, than in the last. Talk of the end of hostile takeovers is bunkum, *witness Hawker Siddeley's* swift demise.

Tate & Lyle and Courtaulds, by contrast, are in better fettle reflecting the substantial transformation of both companies under Neil Shaw and Sir Christopher Hogg. GKN and ICI, another couple of old stagers, are coping better than in the last recession, but have yet to prove that they have the staying power for another *50 years in the club.*

Betting slip

■ Fancy an election longshot? The conventional wisdom is *that John Major cannot delay* the general election date beyond the May 7th local elections. But some of those in the know in Whitehall are now taking seriously the prime minister's public protestations *that if necessary he will hang* on until July 9th. The depth of recession and the threat of another interest rate rise has prompted insiders to shorten the odds on a late June or early July poll from 20:1 to 4:1.

If base rates do go up again those odds will shorten.

Liverpool sound

■ Liverpool can hold its head *up high again. At least, the* business community thinks so, for next week the local Chamber of Commerce and Industry drops the Merseyside tag and puts Liverpool back in its title.

Only five years ago many companies on Merseyside wanted to dissociate themselves from the city as much as they could. Most manufacturers are outside the city boundary in Knowsley, St Helens and Wirral, but have Liverpool postal addresses and postcodes.

Many wanted a change of address so as not to be thought of as having anything to do *with Liverpool, where the Militant* Tendency had plunged the city council into seemingly perpetual budget crisis and an image of near-chaos was abroad.

This year the council's moderate Labour leadership put *its foot down, took on the town* hall trade unions and cut 3,000 jobs. Seven months of strikes may have damaged finances through delaying debt collection, but the smack of firm government may be starting *to reform* Liverpool's *image.*

"I hear there's no Father Christmas"

Marshall who?

■ Poor old Lord Marshall of Goring, the father of Britain's nuclear power industry. Two years after he fell out with the British Government over electricity privatisation, his reputation has suffered another humbling setback.

As executive chairman of WANO, the World Association of Nuclear Operators, Marshall's job is to make sure that every nuclear plant operates to an internationally agreed standard of reliability and *integrity. In the nuclear-powered* City of Toronto to collect an award recently, Lord Marshall was interviewed by a local journalist.

The non-nuclear hack mistook Lord Marshall's glow for someone else's, and the subsequent column refers to Britain's number one nuclear lord as Lord Maxwell - no fewer than seven times.

Fantasy game

■ How does a 41-year-old ex-tax inspector, who runs a company called Games Workshop and employs a white dwarf as his main marketing tool, make sure that his fickle teenage clients stay loyal?

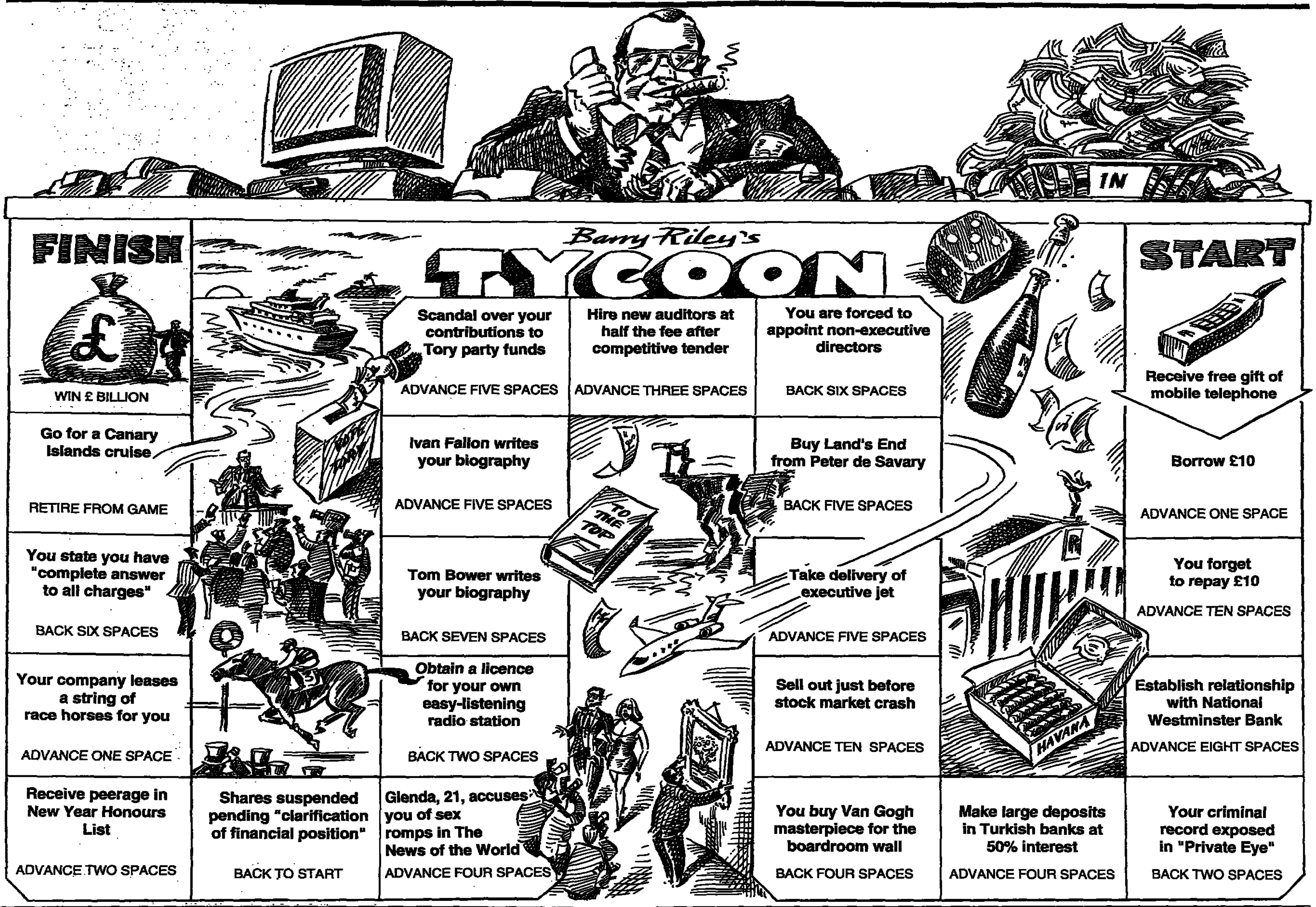
"Very simple", says Tom Kirby, who has just completed *a £10m management buy-out* of the company responsible for Warhammer Fantasy Battle, Space Hulk, and other blood-thirsty products. He and his 240 staff like nothing better than trying out a new fantasy *game, complete with miniature* figures and complicated strategies. "If it passes the woaarrgh... test, then we know we are on to a winner".

It has proved a successful formula to date. With pre-tax *profits of around £2m on sales* of £11m, Games Workshop has sailed through the recession. Its products are promoted through the 73,000 a month magazine, White Dwarf(price £1.95), and a chain of 40 exclusive *stores.*

Nevertheless, it might be sensible if Bank of Boston, Charterhouse Development Capital and the other backers of the buy-out did not boast too much about financing the world's biggest maker of fantasy games. Imagine the headlines if this venture went wrong.

Fishy business

■ Latest news from the black market. Contraband caviar is turning into a serious problem for French customs as the more entrepreneurial Russian *emigrés realise that a stash* of shiny, black fish eggs can ease their arrival in the west. Customs officers at Metz, on the German border, have confiscated ten times as much caviar this year as in 1990.



LETTERS

Regulatory threat to water management

From Mr Roy Watts.

Sir, There was one aspect Richard Evans did not cover in his interesting article on the impact of regulation on the water industry ("Business and the Environment", December 18). This was the likely effect of increased regulation on the talented people attracted to the water industry by privatisation, and who are now rapidly rebuilding the country's water system.

Harnessing this talent with the industry's existing professional and technical expertise is producing a powerful combination. It would be a tragedy if this movement was discouraged.

Our managers are instructed to produce results and to excel. If their achievements are to be diluted by the regulator the customer will not gain, he will lose.

This is a long-term industry requiring long-term solutions. Short-term, detailed regulation will help nobody.

Roy Watts,
chairman,
Thames Water
14 Cavendish Place,
London W1M 0DJ

Is DM at upper limit, coming down, or not in ERM at all?

From Mr Ade Onigbanjo.

Sir, Is the D-Mark really in the ERM? On the face of it this is a ridiculous question, but it has become relevant with the recent rise in German interest rates.

Since all the currencies in the narrow band are supposed to have upper and lower limits, can it not be argued that an increase in DM interest rates that pushes the other currencies towards their respective floors really means that the DM has reached its own upper limit and should come down, rather than every other country being forced (like the flock of sheep recently referred to by an ex-prime minister) to increase interest rates?

Or is it the case that since all currencies are measured against the DM, the level of the DM is never taken into account?

Ade Onigbanjo,
39c Woodville Road,
Thornton Heath,
Surrey

Phasing out

From Mr Roland Freeman.

Sir, Having advocated in your columns the partial abolition of stamp duty on house purchase (Letters, October 23) I am delighted that the chancellor has taken this step. However, action is now needed.

Mr Lamont should now consider increasing the tax relief ceiling on mortgages for first-time buyers to £50,000, but limited to, say, six years. That incentive could provide the kick-start to the housing market which is so badly needed. Once market conditions have markedly improved, tax relief for those of us who are not new buyers could be gradually phased out. The money saved should be spent on helping the homeless and building homes to let at affordable rents.

Roland Freeman,
28 Bedwin Street,
Salisbury, Wiltshire

Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Australia: problems date from 1972 and solution lies in a changed attitude towards work ethic

From Mr Peter Frankel.

Sir, I think there are two misconceptions which have to be rectified in your otherwise excellent report on the change of the prime ministership in Australia ("The magic wears off", December 13).

The current account and foreign debt problem did not develop in 1989. It started as far back as 1972, when Australia owed nothing. As president of the Melbourne Chamber of Commerce between 1977 and 1979, and during my continuous involvement with commerce in Australia until 1987, I warned continuously, publicly and in discussions with all prime ministers since Mr Gough Whitlam, that the policies adopted by Australia in relation to exports and foreign exchange earnings were totally misdirected. There was no hope of rectifying the situation, I said, unless Australia developed an export culture.

Nobody listened. Mr Malcolm Fraser allowed the debt to grow, without doing anything about it, to in excess of $A30bn by the time the Liberals were voted out of power; and Mr Bob Hawke presided over an increase of the debt to somewhere near $A140bn.

Neither is it helpful that the speculation in the Australian dollar, making it the fifth most traded currency in the world, has kept it at an unwarranted and unacceptable level, making exports more difficult and imports far too cheap.

The second point is that it does not matter who runs Australia: the course is now inevitable. One cannot have an increase of one's debt in current account every month in excess of $A1bn and still hope for an improvement just by a rise in commodity prices.

The need is for harsh economic measures and a changed attitude towards the work ethic, which the Australians abandoned a long time ago in favour of sun, sea and surf.

Peter Frankel,
"Elmstead",
Chapel Road,
Limpsfield Common,
Surrey

Business failures cannot necessarily be equated with audit failure

From Mr Ian R McNeil.

Sir, John Plender brought a welcome international perspective to discussions about corporate failures ("Search for safe places to do business," December 16). Many of the questions that he asked about regulation are also being posed in other countries in recession, where regulatory systems may be very different from the UK (for example, the US). Mr Plender also drew attention to the relatively poor standards of accounting and regulation in some other EC states.

Mr Plender went on to refer to the important role of the Accounting Standards Board in developing tougher financial reporting standards than was previously possible in the face of opposition from industry. In this the ASB, underpinned by the Review Panel, has the strong moral and financial support of the auditing profession. Mr Plender might also have mentioned the robust line now being taken by the Auditing Practices Board to long-standing problems, as reported elsewhere in your newspaper on December 16 and again on December 19. In addition, the system of audit regulation and inspection introduced on October 1 under the Companies Act 1989 is providing an extra safeguard for ensuring the competence and integrity of auditors.

Mr Plender said that it was too early to pronounce on the role of the accountancy profession in relation to Maxwell. He is right but he might have extended this conclusion to several of the other complex corporate failures of the last couple of years where it will take some time for the full story to emerge. If and when it becomes evident that there have been shortcomings in the way in which chartered accountants have acted, either as directors of the failed companies or as auditors, this institute will take disciplinary action. Indeed, all of the cases to which Mr Plender referred are either under review or investigation.

Until the facts are known, however, Mr Plender is not entitled automatically to equate business failure with audit failure: most business failures result from poor management, over-gearing or a collapse of orders. He should also be cautious about jumping to remedies such as an enforced separation of audit from other services offered by accountancy firms. This measure would not be welcomed by business, and it is not justified by any hard evidence of compromise to auditors' independence under the present system.

Ian R McNeil,
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FINANCIAL TIMES
Tuesday December 24 1991

IRA suspected of disruption as progress made towards new talks on Ulster's future

Firebombs shut down London Tube

By Richard Evans in London

THE Irish Republican Army announced yesterday there would be a 72-hour ceasefire from midnight last night hours after London's underground system was shut down when two firebombs went off on the network.

No one had claimed responsibility for the incidents last night, but the authorities assumed they were part of a concerted IRA campaign against commercial and transport targets in the run-up to Christmas.

The IRA is campaigning for the removal of British troops from Ulster and for a united Ireland.

Although the entire Tube system was closed after two incendiary devices went off on trains in north London, the disruption was not as great as a week ago when all London mainline British Rail stations were closed after a device ignited on a track near Clapham Junction.

The scale of the disruption from early morning until a service was resumed on all Tube lines by 12.30pm showed that the terrorists had again succeeded in generating maximum publicity at little cost. No one was hurt in any of the incidents.

Despite security alerts in London and terrorist killings in Northern Ireland in the last week there has been, in Northern Ireland terms, significant progress towards restarting talks on the province's political future.

When "round table" negotiations involving the province's main political parties, the British and Irish governments, collapsed in July, few expected a resumption before next year's general election.

Increased terrorist activity usually hardens attitudes as Northern Ireland's politicians become more insular and defensive of the hard-bitten communities they represent. Unionists demand tougher security and an end to constitutional uncertainty.

But Mr Peter Brooke, Northern Ireland secretary, has managed to buck the trend a little. Northern Ireland's political leaders – whose mutual distrust is borne of more than two decades of "troubles" – must not feel as if they are being forced down a path they do not want to tread.

There is pressure from voters not to be seen as the party preventing talks from resuming.

Perhaps, too, the approach of an election has brought home to local politicians how little the province is changing and how small is their influence over its running.

Deliberately low profile "talks about talks" with Mr Brooke have been held since September, but real advances have been made only recently. Speaking after a five-hour meeting with Mr Gerry Collins, the Irish foreign minister, last Wednesday, Mr Brooke said there had been a "sea change" in the attitudes.

The following day he held a succession of meetings with Unionist and nationalist leaders in a ministerial conference room beneath the Commons chamber at Westminster, where journalists are not allowed access.

The Northern Ireland Office did not confirm that meetings were taking place until afterwards. Further meetings will be held in the first full week of January.

The structure of talks would be similar to those in the summer. They would address three relationships; internal government of the province, between north and south Ireland and between London and Dublin.

Ashley Ashwood
Police guard the entrance to a central London underground railway station, closed by IRA bombs early yesterday

Bush adjusts to the recession

By Lionel Barber in Washington

THE US President and the *First Lady will not be* exchanging Christmas presents this year. This follows normal practice, according to the White House; but the public spotlight on George and Barbara Bush's restraint captures the mood of austerity which has swept Washington.

Downtown department stores are virtually empty; on Capitol Hill the offices of Congressmen and Senators are noticeably without the usual piles of liquor, chocolates and calendars; the homeless roam the streets in ever greater numbers.

It has taken Mr Bush some time to adjust to the reality of the recession, but in his latest speeches and public appearances the president has tried hard to identify with ordinary Americans affected by the economic downturn.

Next week, he will embark on his long-planned 10-day trip to Asia, accompanied by top executives from the hard-hit car industry and other manufacturing companies.

In his own words, Mr Bush will carry a single message: "Jobs, Jobs, Jobs."

Mr Bush's threat to pursue a "relentless mission" to prise open markets in Japan and other East Asian markets has sent tremors all the way to Tokyo. Having talked often about the need to promote a "global partnership" between the US and Japan, the president has turned into an all-purpose minister for trade and industry.

The reason goes beyond statistics such as the 2,600 jobs lost each day during October; and beyond the fact that the lay-offs are affecting not just blue-collar workers but office staff from top executives downwards.

Mr Bush has suddenly remembered one of the rasher promises he made during the 1988 presidential campaign, when he pledged to create 30m new jobs in his first four years in office.

In the Roaring Eighties, this goal may have seemed feasible. Ronald Reagan created 17m new jobs in eight years. Under Mr Bush, the net civilian workforce has dropped from 117.3m to 116.9m.

Wall St soars after cut in interest rate

By Patrick Harverson in New York

US share prices soared in New York last night amid frantic *trading as investors went on a* buying binge in the wake of last Friday's big cut in interest rates by the Federal Reserve.

At the close the Dow Jones was up 88.10 at 3,022.58. It was the biggest one-day rise since the Dow jumped more than 100 points at the start of the Gulf war in January, and it was the first time the index had closed over 3,000 since mid-November.

The sudden surge of buying was a delayed reaction to Friday's decision by the Federal Reserve to boost the stagnant US economy by cutting the discount rate from 4.5 per cent to 3.5 per cent.

The drastic easing of monetary policy sent investors flocking back to the equity markets yesterday as they bought stocks in the hope that exceptionally cheap domestic credit - US interest rates are at their lowest levels in almost three decades - will stimulate economic activity and spark a recovery in early to mid-1992.

Comments from Mr Marlin Fitzwater, the chief White House spokesman, who renewed calls for an economic growth plan that includes tax cuts and suggested that *interest rates could go even lower*, added fuel to the buying on Wall Street. Mr Fitzwater said: "Inflation is low and under control. We believe there is room for declining interest rates."

The stock market was also buoyed by a number of technical factors, including lower bond yields (the benchmark 30-year bond rose over half a point, pushing the yield down to just over 7¼ per cent), and some traditional Christmas "window dressing", with investment managers bidding prices higher in an attempt to boost the value of their stock portfolios before year-end.

Much of yesterday's buying would normally have occurred last week, straight after the interest rate cut. Last Friday, however, was "triple witching" day, which is when stock-index futures, index options and individual stock options all expire at once and when trading on Wall Street is notoriously unpredictable. *Many* individual investors, therefore, stayed away from the market until yesterday.

Gorbachev on verge of resigning

Continued from Page 1

would be imminent British recognition of *Russia as long as it* assumed all the rights and obligations of the old Soviet Union.

Mr Gorbachev has pledged to step down once a smooth transition to the new order has been effected.

He interrupted an eight-hour conversation with Mr Yeltsin to take Mr Major's call, Interfax said.

Meanwhile rockets and artillery shells rained down on the Georgian parliament yesterday as the country's opposition strove to capture Mr Zviad Gamsakhurdia, the republic's president.

At least 30 people were reported dead in fighting in the streets round the parliament and on Rustaveli Avenue, the main street of the capital, Tbilisi.

Mr Gamsakhurdia was last night still refusing to surrender to the opposition grouping and called for support from outside the capital.

Local opposition sources said he and his family had been offered safe conduct out of Georgia.

The assault on the parliament building was led by Mr Tengis Khitovani, head of a detachment of the national guard which had split from Mr Gamsakhurdia in September, and by Mr Tengiz Sigua, the former prime minister.

Mr Sigua resigned at the same time in protest against Mr Gamsakhurdia's increasingly authoritarian and isolationist policies.

The rebel guardsmen have been camped outside the capital for three months, while guardsmen loyal to Mr Gamsakhurdia barricaded the parliament building which houses the presidential offices.

Mr Khitovani's guards began the assault on the parliament early on Saturday evening.

Mr Sigua told the Tass news agency that the government was unwilling to open talks to end the bloodshed. He said: "Our demands have not changed: we demand the resignation of the president".

UK underlying trade deficit rises

By Peter Marsh, Economics Staff, in London

BRITAIN'S underlying trade deficit increased last month to its highest level for nearly a year, *as signs continued of a* difficult market for exports due to a slowing world economy.

The Central Statistical Office said yesterday that the visible trade gap, not counting oil and high-price, erratic items such as aircraft and ships, increased from £1.1bn ($2bn) in October to £1.2bn in November.

Import volumes have risen slowly in recent months, partly a factor of the economy picking up from its extremely weak state early this year, while export growth has faltered.

In volume terms and on a seasonally adjusted basis, exports excluding oil and erratics fell in the three months to November by 1.5 per cent, compared *with between June and* August. In this latter period, the same measure of export volumes had shown a 2 per cent rise compared with the March-May period.

Import volumes without oil and erratics showed a 0.5 per cent increase between September and November, as against the previous three months. In the preceding three-monthly period, they rose by 1 per cent.

In November, both export and import volumes not counting oil and erratics – a measure generally thought to give the best guide to underlying trade changes – were sharply higher than in October. But this jump could turn out to be *a statistical quirk against the* general trend.

Including oil and erratic items, the overall current account deficit in November was £587m, as against a revised £561m in October.

The Treasury said the figures were in line with its forecast in last month's Autumn Statement of a £6.5bn current-account deficit this year. It said exports were generally at a high level, though acknowledged concern that they could falter as a result of slow growth in countries such as the US and Germany which are important trading partners for the UK.

Mr Gordon Brown, the oppo*sition Labour party's trade and* industry spokesman, said the trade numbers illustrated the poor state of the UK economy. He said Britain would enter 1992 with investment and production still falling, and with the trade deficit worsening – even though in a recession it would be expected to decrease. The Liberal Democrats also attacked the government's economic record, saying ministers were "walking backwards", when they should be trying to promote a recovery.

Details, Page 5

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	18	61
Algiers	S	20	68
Amsterdam	C	12	54
Athens	R	9	48
Bahrain	S	17	63
Bangkok	F	32	90
Barcelona	S	15	59
Beirut		-	-
Belfast	R	5	41
Belgrade	C	0	32
Berlin	C	11	52
Biarritz	S	17	63
Bombay	S	27	81
Bordeaux	S	12	54
Boulogne	C	11	52
Brussels	C	11	52
Budapest	Dr	-1	30
Buenos Aires	R	28	82
Cairo	S	18	64
Cape Town	S	23	73
Caracas	C	27	81
Casablanca	S	16	58
Chicago	F	1	34
Cologne	C	12	54
Copenhagen	R	8	46
Corfu	S	14	57
Dallas		-	-
Dublin	S	7	45
Dubrovnik		-	-
Edinburgh	F	5	41
Faro	S	21	70
Florence	S	7	45
Frankfurt	C	12	54
Geneva	S	11	52
Gibraltar	S	17	63
Glasgow	C	5	41
Helsinki	Sl	1	34
Hong Kong	S	21	70
Innsbruck	Fg	2	36
Inverness	Sl	3	37
Islamabad	C	16	61
Istanbul	C	6	43
Jakarta	R	31	88
Jersey	F	11	52
Johannesburg	F	23	73
Lima	C	23	73
Lisbon	S	16	61
London	C	13	55
Los Angeles	C	13	55
Luxembourg	Dr	9	48
Madeira	S	18	64
Madrid	S	10	50
Majorca	S	18	64
Malaga	S	17	63
Malta	S	17	63
Manchester	R	10	50
Manila	F	30	86
Melbourne	S	17	63
Mexico City	C	23	73
Miami	S	15	59
Milan	S	9	48
Montreal	C	2	36
Moscow	C	-1	30
Munich	C	10	50
Nairobi	F	22	72
Naples	S	19	66
Nassau	C	25	77
New Delhi	S	18	64
New York	S	6	43
Nice	S	15	59
Nicosia	F	17	63
Oporto	S	13	55
Oslo	S	2	36
Paris	C	10	50
Peking	S	0	32
Prague	C	9	48
Reykjavik	C	-5	23
Rhodes	R	13	55
Rio de Janeiro	C	38	100
Rome	S	15	59
Salzburg	C	12	54
San Francisco	S	6	43
Seoul	R	8	46
Singapore	F	27	81
Stockholm	F	5	41
Strasbourg	C	11	52
Sydney	F	23	73
Taipei	F	24	75
Tangier	S	18	64
Tel Aviv	S	18	64
Tenerife	F	24	75
Tokyo	S	13	55
Toronto	C	1	34
Tunis	F	18	64
Valencia	S	19	66
Venice	S	9	48
Vienna	F	8	46
Warsaw	R	2	36
Washington	S	1	34
Zurich	F	10	50

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

Talking turkey in the City

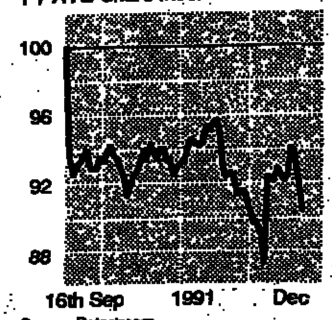
The reasons were more technical than fundamental. But it is nonetheless appropriate that Northern Foods should have been the only FT-SE stock to add more than a few pence in yesterday's subdued stock market trading. Save for the Christmas fare there is likely to be little to cheer London investors over the next few days.

Yesterday's balance of payments figures were at least in line with expectations, higher import volumes providing evidence for the optimists that the economy is picking up. But the *over-riding issue in the market* is the future of sterling interest rates. Yesterday's move by other countries in the exchange rate mechanism to follow last week's lead by the Bundesbank once again leaves the UK isolated in Europe, and the authorities facing perhaps their sternest challenge to date. At one point yesterday sterling came perilously close to its DM floor, though there were no overt signs of official intervention. That is perhaps not surprising, given three month interest rates a touch over 11 per cent. Whatever Downing Street may wish, the market is clearly expecting the chancellor's nerve to crack first on interest rates rather than on sterling's ERM parity.

FT-SE Index: 2,345.4 (-12.7)

Williams Holdings

Share price relative to FT-A All-Share Index



Source: Datastream

Williams Holdings

It would be wrong to conclude from the failure of Williams' attack on Racal that the day of the hostile bid is over. The fate of both Ultramar and Hawker Siddeley prove otherwise. The lesson for Williams is nonetheless awkward: tightly-priced, all-paper bids are risky in a weak market. Williams would almost certainly have succeeded had it been prepared to offer 57p in cash, the price at which it bought most of its 10 per cent stake in the market.

The company would argue that underwriting such an offer would have been prohibitively expensive given the time needed to resolve the competition questions surrounding Chubb. By doing without, however, it is left with £77m tied up in a low-yielding lump of Racal and an important part of its strategy apparently in tatters after three unsuccessful hostile bids. Something will surely have to give. Should it be prepared to risk dilution by offering more in future? Or should it risk its gearing by putting more of its own cash on the table?

The answer seems to be neither. Williams will instead concentrate again on agreed takeovers. Yet there must be doubts whether this offers sufficient long-term growth for a company of Williams' size. In the short run there is undeniably more margin improvement to come from Yale & Valor. But Williams will have to account for the loss, currently some £14m, on its Racal holding, not to mention the cost of carrying the investment. Until the way ahead becomes clearer, the shares look set to underperform.

British Airways

British Airways has flirted with so many airlines that its marriage plans sometimes appear frivolous. In eyeing up the Dutch carrier KLM, though, BA may have finally hit on a partner which can one day be led to the altar. Negotiations so far have been consciously low key, but yesterday's comment from the Dutch economics minister that a merger is logical confirms a surprising eagerness to pursue the match on both sides.

An *outright bid* by BA, which would provide the opportunity to make huge overhead savings, can almost certainly be ruled out in the short term. EC regulators have *signalled their hostility to the* development of cross-border mega carriers, which they perceive as a threat to lower fares in the single European market. Moreover, given the international rules for handing out route licences it is probably in the interests of the airlines anyway to retain separate national identities. A solution based on the Unilever/Royal Dutch Shell models would certainly achieve this aim, allow some economies of scale in the meantime, and forge a relationship which would doubtless become closer if the regulatory climate allowed.

The prospect of a deal has been one factor helping to sustain BA's share price, which *has outperformed* the market by a third since late summer. If it happens, the long-term implications for both airlines are immense. It is now clear that if it fails the reason will be price, not principle.

South West Water

Yesterday's near 5 per cent rise in South West Water's shares was a fine example of the regulatory game in action. Ofwat was unlikely to block South West's request for higher prices to fund the additional capital spending required by the government and Brussels. To have done so would have implied an inconsistent negotiating stance in the industry's wider cost of capital debate. Yet the threat not only held back South West's shares in recent months, but also doubtless played a part in the company's overtly cautious 6 per cent dividend rise at the end of November. A palpable hit to Ofwat.

Christies Int'l

The fund managers at Mercury Asset Management obviously think they know a thing or two about the market for fine art. Why else would they pay more than £40m to take their stake in Christies International to 27 per cent, in the process bringing some overdue relief to Mr Micheal Ashcroft's ADT? Granted, MAM snapped up most of ADT's stake at a 13 per cent discount to the market price, crystallising an £85m loss for ADT. But Christie's shares have been in free-fall for most of the last 18 months, so MAM must see some recovery potential.

Christie's interim results in September suggested the group will struggle to make £8m pre-tax profit this year, against more than five times that in 1990. What it will make next year is anyone's guess. There have been selective signs of a tentative revival of art buyers' interest, but, as in the housing market, largely as a result of lower vendor expectations. Christie's has done all the cost-cutting it can, so it could be a while before its bottom line recovers. The full-year dividend, if maintained at 8.3p, will be uncovered. MAM's presence on the share register might stop the rot, but then it is not as if other investors, who have to pay the market price, face a shortage of recovery candidates elsewhere.

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INSIDE

Early Christmas cheer for Beazer

US President George Bush has given Hanson an early Christmas present by signing a $151bn bill that could bring a much-needed boost to US profits at Beazer, the construction group it agreed to purchase in September for £351.4m ($639m). Beazer's aggregates business, the second largest in the US, stands to benefit from the signing. Over six years, $119bn of federal money will be allocated to road construction, and $31.5bn to public transport. **Page 12**

Conti expects 10% growth

Continental, the German tyre and rubber products company, expects turnover to rise by 10 per cent next year with the world tyre market again growing by only 2 per cent. **Page 13**

Shopping late for Christmas

Recession has forced British retailers to resort to some desperate ploys to drum up trade. But so far, none has fallen back on that old stand-by – the "Shop Early for Christmas" sign. This is because shopping patterns are changing rapidly. Consumers are leaving Christmas purchases later every year. Behind these trends, and largely invisible to the average shopper, lie dramatic advances in logistics and technology which have revolutionised management of the supply chain. **Page 15**

Red signs for retailers

America's shopkeepers are praying for a miracle. Shoppers are to be seen, but the real question is how much consumers are buying and at what price. Walk for a couple of blocks on Madison Avenue, and the story is spelt out in large red signs. **Page 13**

Japan pays the price

In a week when the western hemisphere was shaken by Thursday's bigger-than-expected rise in key interest rates in Germany, and stirred a day later by an unexpectedly large US discount rate cut, Japan has been paying the price for stock market sluggishness and a failing futures market boom. **Page 28**

Oil and now frankincense

Omani frankincense, the gift of kings and the Middle Eastern country's oldest trading commodity, is to be revived under a government plan to diversify from oil production. Frankincense was once the major trading commodity in the southern part of the Arabian Peninsula, and was the basis for the economy of the now oil-rich and isolated southern Dhofar region of Oman. **Page 16**

Tradition put back into turkeys

Traditions die hard in Britain, and the Christmas turkey is no exception. In spite of the threat of big business and EC legislation, farmers continue to produce festive turkeys using methods and breeds dating from the early part of this century. Farmer's Viewpoint visits a traditional turkey farm. **Page 16**

Fairfax formality completed

Tourang, the successful bidder for Australia's Fairfax newspaper group, yesterday formally completed the acquisition, in spite of a court action brought by a rival bidder. **Page 13**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Lufthansa	455	+	15
Linotype-Hell	312	+	17
Wella Pf	544	+	24
Falls			
DLW	457	–	12
Hertie	340	–	10
Hoesch	243.2	–	10.8
NEW YORK ($)			
Rises			
BankAmerica	34¼	+	¾
Coca Cola	78¾	+	2¾
Frontier Ins	26½	+	1⅞
Gen Elect	72	+	2⅝
Sec. Pacific	28⅛	+	⅜
Triton Energy	34	+	⅜
PARIS (FFr)			
Rises			
Canal+	946	+	18
Radiotech	463	+	13
Falls			
Chargeurs	842	–	18
Fonc. Lyonn	511	–	20
Immobanque	652	–	47
Valeo	530	–	17
Tokyo closed.			
LONDON (Pence)			
Rises			
ADT	330	+	12
Christies Intl	135	+	8
Great Portland	167	+	10
Sth West Water	324	+	14
Taylor Woodrow	118	+	5
Falls			
Abbey	55	–	10
[illegible]	53½	–	4
Dowty	141	–	6
Dwyer	58	–	12
ECC	448	–	15
Lasmo	216	–	7
Mowlem (J)	114	–	6
NFC	217	–	7
Norcros	98	–	6
Northamber	38½	–	2½
Racal Elects	46	–	3
Radiant Metal	90	–	15
Riva	25	–	4
Tarmac	97	–	4
Treacherwood	8	–	8

Car auction group estimated to have lost £84m on sale in attempt to cut debt mountain

ADT sells its 24% stake in Christies

By Michiyo Nakamoto in London

ADT, the Bermuda-based car auction and security group, yesterday sold its 24 per cent stake in Christies International, parent of Christie's auction house, in its attempt to reduce its debt mountain – about $1bn in June.

The group's stake of about 42m ordinary shares was sold for an aggregate consideration of £46m ($83.7m) representing an estimated loss to ADT of about £84m on the investment. The group acquired the bulk of its stake in Christies last year at an estimated total cost of about £130m.

The sale was welcomed by Christies, which has seen its shares suffer under the threat of a sale by ADT after it indicated this summer it would take steps to reduce its high level of debts, including the disposal of non-core investments.

"A degree of uncertainty has now been removed," said Mr David Tyler, finance director of Christies.

Christies's shares have fallen from a peak of 409p on June 13 last year to a low of 125p on December 11. They closed 9p up at 135p yesterday.

Most of the ADT stake was bought by Mercury Asset Management for a range of its institutional pension funds based largely in the UK.

In the first half of this year ADT reported a 42 per cent fall in interim pre-tax profits to $145.7m. The results showed that "interest expense and other investment income" and "other income less expenses" produced a combined loss of $33.5m in the half year, compared with $37.1m.

Its debt reduction plan, which includes the suspension of dividends and the disposal of certain investments, aims to cut borrowings by $500m by early 1993.

The plan was announced by ADT after pressure from its largest shareholder, Laidlaw, the Canadian waste services and school bus operator.

In a public wrangle featuring a lawsuit by the Canadian group which was later withdrawn, Laidlaw alleged ADT had made misleading profits disclosures in relation to transactions with its associated companies, and that it had manipulated its own share price. The Canadian group attempted to force ADT to strengthen its balance sheet, improve corporate governance and withdraw from businesses unconnected with car auctions and security. Its efforts were partly rewarded in June when it won an agreement from ADT to include four Laidlaw-appointed and four independent directors to its board.

Lex, Page 10

The downward spiral of property prices may not be over, reports **Stefan Wagstyl**

Japan's landscape of losses

The towers of Hiroo Garden Hills, smart blocks of flats in a smart district of Tokyo, are home to many of the city's wealthiest residents. They also house some very worried investors.

At the height of Tokyo's property boom, flats changed hands at a price of Y4m-Y5m a square metre. Today, agents cannot find buyers at Y2.5m ($19,386). "There are almost no trades," says a local agent, adding that he would be sacked if he were identified as the source of such gloomy data.

When Japanese property prices began falling rapidly last year, agents tried to stem the tide by talking up the market. They no longer bother – the sense of gloom is so universal almost nobody tries to dispel it.

The Ministry of Finance hopes to shine a little light in the darkness by lifting, on January 1, curbs on bank lending which it imposed two years ago to starve speculators of funds. But there is no sign that this New Year's gift will make much difference to the hard-pressed industry.

"Prices have fallen so far that we daren't tell people the truth for fear that they would start demanding their money back on properties they have bought," says an official of the Property Trading Modernisation Centre, a property agents' think-tank.

The agents may be exaggerating – but not by much. While there are signs that prices may be close to the bottom, this is not certain. Too many heavily indebted developers with big portfolios loom large in the market.

Even large property companies with the means to take advantage of distress sales are wary. An official at Mitsubishi Real Estate says: "I don't think we'll rush out and buy land because it looks cheap now. The future looks too uncertain."

A dearth of reliable data has also clouded the picture. Official figures have tended to lag the market and understate price swings. On Friday, however, the government's National Land Agency at last came clean on the true scale of price declines, with a report which showed prices in the Tokyo area had fallen by some 30 per cent from their 1987 peak and by between 30 per cent and 40 per cent from a mid-1990 peak in Osaka.

These figures match the consensus of the industry. But such average figures conceal wide variations. In some prime areas, such as Otemachi, the central business district in Tokyo, bankers say prices have fallen 10 per cent at most; in Kayabacho, a stockbroking area less than a mile away, they have fallen 20 per cent or more. In Osaka the numbers are bigger – a fall of at least 10 per cent for Midosuji, the city's equivalent of Otemachi, and more than 50 per cent in some fringe commercial and residential districts.

The areas seeing the worst declines are not necessarily undesirable – Senri New Town in northern Osaka, where prices for flats have fallen around 50 per cent, is a well-planned development less than 30 minutes from the city centre. Hiroo Garden Hills is one of Tokyo's most fashionable addresses. Prices collapsed here because they were bid up so high in the first place.

The president of a leading developer has a useful rule-of-thumb: where prices rose fourfold after 1985, they will fall 40 per cent, where they rose threefold, they will drop 30 per cent and so on.

In fact, on average, Tokyo prices roughly doubled in 1985-90, so a 20 per cent fall might be expected. This would still leave them 80 per cent up – a figure not too far out of line with average wages, which rose about 50 per cent.

Residential land prices should be the first to hit bottom because there is demand from people wanting to buy their own homes.

The Real Estate Economic Institute, a private organisation, estimates the supply of new flats to the Tokyo market will have fallen 34 per cent this year to a 15-year low. It forecast that the average price would fall 9 per cent to Y55m, following a 3.9 per cent decline in 1991.

Property agents say the figures disguise the true scale of the decline – the average cost of a new flat is nearer Y40m. Mr Mutsuo Terauchi, general manager of the property department of Yasuda Trust & Banking, a trust bank, says that realistically priced properties have been selling well in the past few months.

The outlook for commercial land is more tricky. Retail and industrial space attracts buyers, particularly for forced sales. But the market for commercial office land is dead. Too many high-priced luxury buildings erected in the late 1980s look expensive in the sober 1990s. In Kayabacho, in commercial districts of west-central Tokyo, and elsewhere, signs on plate-glass windows of new buildings attest to the urgency of finding tenants.

Mr Terauchi forecasts that land prices will polarise. Prices will stabilise where there was little speculation, where land remains in the hands of established owners and where there is a genuine use for the property – either residential or commercial. But prices will fall further in areas which saw large increases and where land ended up in the hands of debt-financed newcomers to the property industry.

One blighted area is Aoyama, an up-market residential and commercial district in central Tokyo, which, among others, attracted Itoman, the trading company which ran into financial trouble through property investments and is being bailed out by Sumitomo Bank.

An agent in Aoyama says the area is full of newly created car parks – plots of land which were cleared for construction but never developed. "Upstart second-rate property companies are trying to run away at night and leave their debts behind."

The strains are reflected in property-related bankruptcies, which totalled Y2,606bn in the first 11 months of 1991, seven times more than the whole of last year. But actual bankruptcies are the tip of the iceberg – property and construction companies have borrowed a total of Y120,000bn, according to finance ministry data, a figure which excludes property investments by other kinds of company.

Banks have committed themselves to holding land off the market, by supporting their largest debtors as long as they can. Sumitomo has bailed out Itoman (Y570bn in property loans), Long-Term Credit Bank is aiding EIE International (about Y1,000bn), and Mitsui Trust and Banking is supporting Dai-Ichi Real Estate (Y850bn).

The bail-out plans assume debts will be cleared by land sales. The weakness of the market means these sales are being postponed – for example, Azabu Real Estate, another troubled investor, this summer agreed with its bankers to sell Y400bn of property to cut its Y600bn debt.

However, a previous plan to sell Y200bn by mid-June 1991 resulted in only about Y50bn in disposals. Mr Terauchi believes more bankruptcies are likely early next year as banks take painful decisions in advance of their financial year-end in March.

Bankers talk glumly of having to wait three to five years to clear debts by asset sales. The Property Trading Modernisation Centre believes it could take eight years. The planned end on lending controls means banks could direct funds to blue-chip developers ready to take land off their hands.

The result could be that Mitsubishi Real Estate, Mitsui Real Estate and other top companies will receive a rare opportunity to buy land cheap. But, while others sweat, they can afford to wait.

Picture: Glyn Genin
Chill winds are blowing over the property market in Tokyo, seen here with a snow-capped Mount Fuji in the background

Arrows group debts may be £220m with £100m shortfall

By Ian Hamilton Fazey, Northern Correspondent

TOTAL debts of the web of companies connected with Arrows, the Cheshire-based UK trade finance house closed down in July, are likely to be about £220m ($400m), with a shortfall of about £100m, the group's liquidators said yesterday.

More than 80 single-purpose companies connected with Arrows are involved, and several trusts. Arrows's own debts are understood to total £113m. Creditors include 35 banks or building societies.

The money was lent to Arrows for stock-financing operations for its corporate customers, but is alleged to have found its way into property investments which were then hit by the recession.

Arrows was finally wound up in the High Court on December 13 after Mr Justice Hoffman refused to make an administration order on a petition by Mr Muhammad Naviede, Arrows's owner. Mr Scott Martin and Mr Nigel Hamilton of Ernst & Young were last week appointed liquidators by Mr Peter Lilley, the trade and industry secretary.

Mr Naviede was charged in August with obtaining £10m from NMB Postbank of the Netherlands by deception. He was freed on £400,000 bail and ordered to surrender his passport and his pilot's licence.

The Serious Fraud Office began investigating Arrows in August, after NMB Postbank – owed £25m – called in liquidators. SFO inquiries are continuing.

Mr Martin, head of insolvency and recovery service at Ernst & Young's Manchester office, said it would be some time before an accurate assessment could be made of the deficiency to creditors but indications were that it would be about £100m. He could not say when a creditors' meeting would be held. Legal restrictions limited information he could give in the meantime, he added.

Mr Naviede's nine-year-old company grew by short-term financing of the stock of companies when they had peak working capital needs but fully stretched bank overdrafts. Arrows bought stock and then immediately sold it back, plus fee, but with 90 days' credit.

Mr Naviede flew himself round the world in 80 hours in June to raise money for Great Ormond Street Children's Hospital in London. Arrow's also ran a Young Company of the Year Award, which raised £50,000 for Barnardo's, the UK children's charity over two years.

S&P downgrades J Sainsbury

By John Thornhill in London

J. SAINSBURY, the UK food retailer, yesterday saw its debt rating cut by Standard & Poor's as the US credit agency expressed concern at the intensification of competition in the UK market and the "unclear" trends in consumer spending.

Although the move is not likely to add significantly to Sainsbury's cost of borrowings, it will further fuel uncertainty in the City of London about the UK grocery market where sales volumes have been falling.

The big UK food retailing companies, such as Sainsbury, Tesco and Argyll Group, are still spending enormous sums to build superstores when consumers have been conspicuously trading down in the recession.

Sainsbury also runs the 71-store Shaw's chain of supermarkets in the US which raises short-term borrowings locally. These will not be affected by S & P's move. Shaw's long-term borrowing requirements are met by the head office in London.

"It should not affect the day-to-day fund raising for the working capital needs of the Shaw's business," Sainsbury said yesterday.

Standard & Poor's downgraded Sainsbury's senior long-term debt from an AA rating to AA- and its subordinated debt rating from AA- to A+ as it reviewed the operational and financial profiles of rated companies in the UK retailing industry. Sainsbury's rating for its short-term commercial paper programme was left unchanged at A1+.

In spite of an £880m ($1.6bn) capital expenditure programme this year, Sainsbury's finances are in a seemingly healthy state following a £489m rights in June.

The company played down the significance of the downgrading yesterday. "We would not expect the downrating to greatly affect our cost of funds. We still have funds left over from the rights issue and are not in the market for long-term debt at the moment," a Sainsbury official said last night.

Last month, Sainsbury reported that net debt at the interim stage stood at £200m which would have risen to £400m had the company's outstanding convertible capital bonds been included as debt rather than equity. This represented a debt-equity ratio of 7 per cent or 15.8 per cent if the bonds were counted as debt.

Sainsbury shares closed up 2p at 354p yesterday running against the London market trend.

UK COMPANY NEWS

Burton sells HQ to Heron for £50.9m

By Vanessa Houlder, Property Correspondent

BURTON Group, the retailer, has sold its headquarters in London's Oxford Street for £50.9m to Meliosira, a Dutch company owned by the Heron Corporation, the property, motor and petrol retailing group headed by Mr Gerald Ronson and Société Générale, the French bank.

Burton will continue to occupy the building, under a 25 year lease-back agreement, at an initial rent of £5.5m a year and a minimum average annual increase over the first ten years of 4.5 per cent. However, Meliosira will have the right to break the lease after five and seven years.

The proceeds of the sale will help reduce Burton's debts, which increased as a result of over expansion and an ill-starred foray into property development.

Burton originally intended to redevelop its headquarter site although this plan was abandoned in July 1990 when it withdrew from property development.

The property, which was built in 1924, is leased from the Crown Estates.

The building was included in the Burton Group accounts at the end of August at £50.9m. From the total consideration, £4.4m has been set aside as Burton's maximum contribution towards maintenance work.

Meliosira is jointly owned by Heron Holdings Europe, a member of the Heron Corporation group of companies and Societe d'Investissements Fonciers et de Participations, a subsidiary of Société Générale.

The deal is due to be completed at the end of January.

Unions propose buy-out of MGN titles

By Raymond Snoddy

UNIONS AND employees at the Scottish Daily Record and the Sunday Mail yesterday joined the list of those seeking to organise buy-outs of parts of the media empire of the late Mr Robert Maxwell.

The planned buy-out, which could be joined by management representatives at a later stage, is backed by Charterhouse, the merchant bank.

Officials from the Graphical Paper and Media Union admitted that the plan was still at an embryonic stage but said they thought a separate buy-out for the Scottish titles was in the interests of both employees and readers.

At the moment the intention is to try to keep Mirror Group Newspapers together as a single block. The management buy-out being organised by Mr Richard Stott, editor of the Daily Mirror, is for the whole group.

Apart from the Scottish newspapers the main titles are the Daily Mirror, the Sunday Mirror, The People and the Sporting Life. Pearson, owner of the Financial Times, has also expressed an interest in taking control of MGN.

There is no sign at the moment that anyone is able to make a bid for MGN because of continuing uncertainty about what the newspaper group's assets and liabilities are and how much the final loss from the pension fund will turn out to be.

Management buy-outs are also being planned for AGB Research, the private Maxwell market research company, and for Maxwell Business Communications, a chain of 70 business publications which is part of MCC.

Hanson set to benefit from US $151bn infrastructure spending

By Andrew Baxter

PRESIDENT GEORGE Bush has given Hanson, the international conglomerate, an early Christmas present by signing a $151bn (£82.9bn) bill that could bring a much-needed boost to US profits at Beazer, the construction group it agreed to purchase in September for £351.4m.

Beazer's aggregates business, the second largest in the US, stands to benefit from Wednesday's signing after two months of wrangling in Congress. Over six years, $119bn of federal money will be allocated to road construction, and $31.5bn to mass transit.

The possibility of a big rise in infrastructural spending to mend the US' crumbling roads and bridges has hung tantalisingly ahead of its building materials industry over recent years.

Koppers had gambled on an upsurge in spending before falling victim in 1988 to the $1.7bn bid by Beazer. And Mr Brian Beazer was also enthused by the prospect of infrastructural spending underpinning his enlarged group.

This, again, failed to materialise, contributing to the downfall of Beazer and the takeover by Hanson.

And when the deal was announced, Mr Martin Taylor, Hanson's vice-chairman, listed a forecast upturn in US infrastructural investment as one of its attractions.

Last week, Hanson stressed it could not assume the bill would be signed when the takeover was announced. "We could always assume there would be some spending on roads, but the only thing you can count on Congress to do is raise taxes," said Mr John Wimberly, group vice-president of Hanson Industries in the US.

The funding represents a 20-25 per cent increase on previous levels, according to Louis Nicoud & Associates, the US brokerage, with the main effects to be felt from 1993 onwards.

Mr Wimberly said Beazer's aggregates business would be the biggest beneficiary of the bill, along with its road paving business, where it is the largest asphalt producer. But other Hanson businesses, such as cement, would also benefit.

There are caveats, however. Hanson will have to share the extra funds with a handful of other aggregates companies in the US such as Vulcan Materials, the industry leader, and hundreds of local producers.

There could also be problems if states are unable to find the matching funds, averaging 15 per cent, required to receive the federal money. But Mr Wimberly suggested that states would be keen to do so rather than see their allocation switched to a neighbouring state.

States will also have considerable leeway to switch their allocation for road-building into mass transit, which would reduce the benefits for Beazer's road-paving business if not its aggregates side.

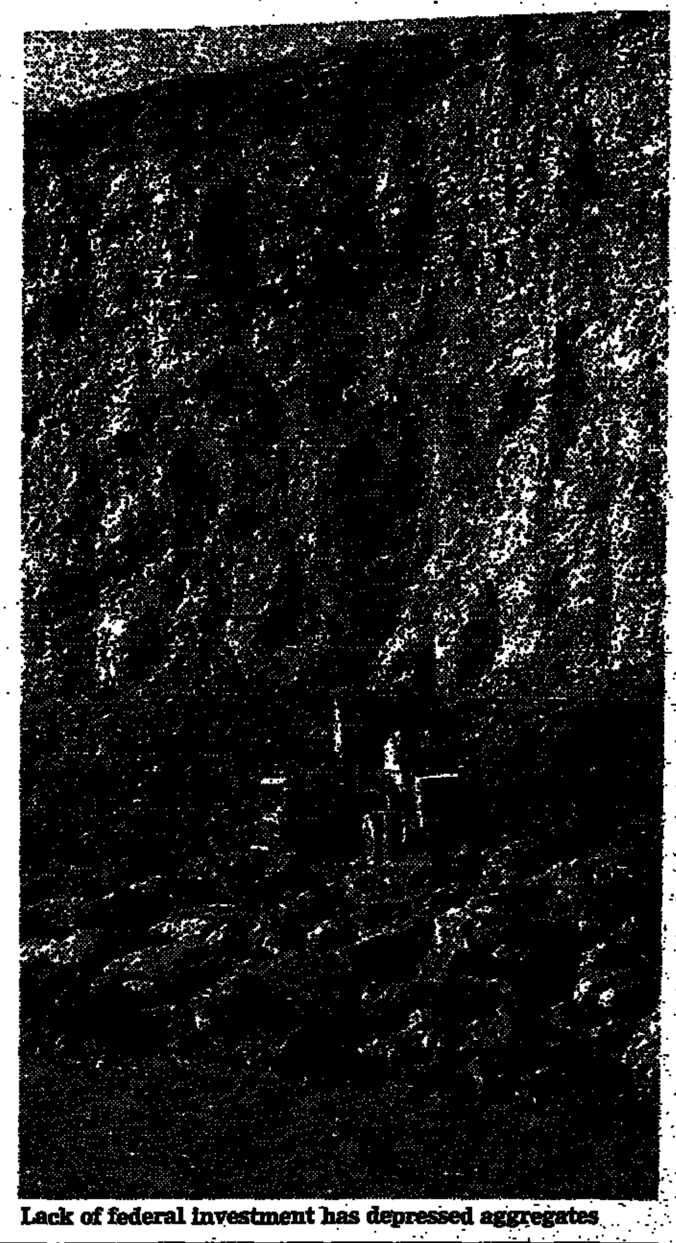
Mr Wimberly said Beazer had a very good, if not dominant, market share in some states which had done well out of the funding because of high population – California, New York, Pennsylvania and Texas. However, the Beazer USA aggregates and construction services business only serves about 30 US states.

He said there was no question that the funding would enhance Hanson's US earnings, with benefits beginning to come through next year. But it was difficult at this stage to give hard figures.

Much will depend on the extent to which the extra funding raises aggregates prices generally.

Weak demand across much of the US construction sector has dented prices, but Mr Barry Nelson at Louis Nicoud said the bill "has to make prices higher".

Despite the infrastructural spending boost, Hanson still faces many other challenges in the US with its new purchase, notably the recession in property and the private and commercial construction markets, and the possible environmental liabilities inherited from the former Koppers chemical businesses.



Lack of federal investment has depressed aggregates

M&G to launch mail campaign for new trust

M&G, the fund management group, is launching another investment trust, after it raised £346m for its Income Trust in October, writes Philip Coggan.

The new trust will be run by the same fund manager, and follow the same investment philosophy, as the £700m Recovery unit trust. The latter has a very good long-term record, but has underperformed the FT-A All Share Index over the past three years.

M&G is launching a mail campaign to persuade investors to pre-register for the issue, which will be launched in the new year. The issue will be timed so that investors can place their full £6,000 personal equity plan (Pep) allowance for each of the tax years 1991-92 and 1992-93 into the trust.

Shares held in Peps are free from income and capital gains tax. The ability to put £6,000 in an investment trust Pep new issue has caused fund management groups to concentrate on investment trust marketing over the past year or so.

Harvey plummets to £12m loss

HARVEY & THOMPSON, the pawnbroking and finance group, has fallen from pre-tax profits of £2.08m to losses of £11.7m for the year to June 29, writes Roland Rudd.

The group has the largest pawnbroking business in the UK and its 26 branches provide loans secured against collateral consisting mainly of gold or jewellery.

While its core pawnbroking business continued to trade profitably, it was not enough to offset the disappointing performance of the group's hire purchase and leasing and trade finance sides.

The group said it was experiencing defaults in all three businesses, while there was a further deterioration in the position of certain customers. It added that there were no signs of any improvement in the foreseeable future.

It is against this background that it is recommending the disposal of the pawnbroking business, which will give rise to an extraordinary profit of £5.6m. This will be used to repay bank borrowings.

Cash America Investments is buying the business for £14.5m. The pawnbroking side turned over £4.1m and made profits before interest of £1.9m during its last financial year.

Overall the group made operating profits of £892,000 (£2.08m), which was wiped out after exceptional costs and provisions of £12.6m.

The group made provisions against its hire purchase, leasing and trade finance books of £11.8m.

Mr Rupert Galliers-Pratt, chairman, was not available for comment last night.

There is no dividend; last time there was a final of 11.5p for a total of 16.5p. Losses per share were 235.13p (earnings 30.76p).

Casket buys Falcon Cycles

By Daniel Green

SOME of the UK's best-known bicycle brands joined forces yesterday as Casket, the leisure products group, bought Falcon Cycles from Elswick, the printing and packaging company, for £900,000.

Casket issued 4.1m new shares to raise the cash. These were placed with institutions by Robert Fleming, the merchant bank, at 22p each.

Falcon lost £220,000 in 1990, but Mr Joe Smith, Casket's chief executive, said that enough savings would be made for the deal to be earnings enhancing by 1993.

The deal brings together Falcon's Claud Butler and Holdsworth names with Casket's British Eagle and Townsend marques.

It takes Casket's share of the UK bicycle market to 15 per cent, at 1990 sales levels. Changes in the pattern of sales since then mean that when the acquisition is complete the figure will be nearer 20 per cent.

At completion, the net asset value of Falcon is estimated to be £2.4m. If a completion audit results in different figures, the price will be adjusted accordingly to a maximum of £1.3m.

Steetley EGM adjourment

By Michiyo Nakamoto

Steetley, the building materials group facing a hostile bid from rival building products group Redland, said that it will propose a further adjournment of its EGM planned for January 8.

The group proposes to adjourn the EGM, at which shareholders were scheduled to vote on a joint venture with Tarmac, to a date not earlier than February 4, which is day 46 in the bid timetable.

The Redland bid for Steetley was launched just days before a Steetley EGM to vote on a joint venture in domestic building products with Tarmac, was originally scheduled to be held on December 18.

The Redland offer is conditional on the Tarmac deal not proceeding. Day 46 is the last day that Redland is allowed to provide any new information on its offer.

MCC banking facilities threatened by Chapter 11

By Andrew Jack

THE PROVISION of banking facilities to Maxwell Communication Corporation may be jeopardised by the Chapter 11 proceedings protecting the company in the US, the joint administrators warned employees yesterday.

In a separate development, they also appointed Law Debenture Corporation as independent trustee to the MCC pension fund to act in the interests of its members.

The need for prior US court approval before MCC may borrow new funds added a new twist to the transatlantic debate over whether the directors or the administrators have control of the company.

The position was due to be discussed in the New York court yesterday afternoon. MCC is believed to be the first company which has sought protection from its creditors in both the UK, through an administration order, and the US, under Chapter 11.

Mr Colin Bird, a partner with Price Waterhouse and one of the administrators to MCC, wrote to all 17,000 employees stating that while the company's bankers had agreed to advance funds in principle, the US courts could prevent these facilities being put in place before they were required.

He said he expected no developments on the issue before Tuesday, and added: "I am sure that you will be concerned about your personal position but this is the only assurance that I can give until the situation is clarified."

He also advised the staff that any authority or signing power they previously have held has now been withdrawn.

Name change for Holiday Inns

By Michael Skapinker, Leisure Industries Correspondent

SOME OF the UK's best-known Holiday Inns, including those at Marble Arch and Swiss Cottage in London, are to change their names after a decision to end the franchise agreement under which they are run.

Scott's Hospitality, a Canadian company which owns 13 Holiday Inns in the UK, said it had agreed with Holiday Inns Worldwide that it should end its 20 year-old franchise agreement.

The companies said in a joint statement that the decision came after Scott's asked to be given a master franchise which would have given it control of the development of the Holiday Inn brand in the UK.

The remaining 20 Holiday Inns in the UK, including the hotel at Heathrow airport, will not be affected by the ending of the franchise agreement.

Most of the remaining UK Holiday Inns are directly owned by Holiday Inns Worldwide, a subsidiary of Bass, the UK brewer.

Riva agrees refinancing after losses

By Alan Cane

RIVA GROUP, one of the UK's few suppliers of electronic point-of-sale equipment, has agreed refinancing proposals with its bankers after turning in losses before tax of £1.07m for the six months to June 30. In the corresponding period, Riva had profits of £74,000.

Operating profits were £156,000 (£1.16m) before interest charges of £951,000 (£1.09m) and restructuring costs amounting to £277,000 (nil). Sales for the period, at £29.4m, were 8.8 per cent lower than last time's £32.2m.

Losses per share emerged at 4.8p (earnings 0.3p) and no interim dividend is declared.

The refinancing measures, conditional on the approval of shareholders, have been agreed with Riva's "London Club" of lenders – The Co-operative Bank, Scandinavian Bank, Fennoscandia Bank, Nordbanken and the TSB – and with Fosters Brewing Group.

The aim is to place the company on a sound financial footing to enable it to trade through the current recession and develop both in the UK and mainland Europe. In detail, the measures are that the London Club will convert approximately £2.6m of the debt into convertible preference shares. The remaining £6m will carry interest at 2 per cent above base rate and £1m of this will be provided by way of an on-demand overdraft facility.

NEWS DIGEST

RTZ moves to buoy its talc side

RTZ CORPORATION, the world's biggest mining group, is to tighten its grip on the talc market by buying the biggest US producer.

The company already owns 90 per cent of Talc de Luzenac, Europe's leading producer of talc, which is used as a filler by the paper, paint and plastics industries and for cosmetics.

Cyprus Minerals of the US has signed a letter of intent to sell its talc operations to RTZ. The terms have yet to be disclosed but Cyprus said the business will have sales of $87m (£47.8m) in 1991.

The US company said its talc/barite sales were about 500,000 tonnes last year while Talc de Luzenac's output was about 530,000 tonnes. Consequently, the purchase seems likely to double to about 16 per cent RTZ's share of the western talc market.

In its latest annual report Cyprus said its talc operations continued to "underperform expectations" and market improvements would be required to restore them to acceptable levels of profitability. Cyprus has now given a warning that it will take an after tax charge of $24m relating to the sale which is expected to be completed sometime in the second quarter of 1991.

● Cyprus also warned it would take an after tax charge of $16m in connection with its southern Kentucky coal properties. This would cover holding costs, reclamation expenses and an uncollectable coal receivable. There would also be miscellaneous charges from a November smelter fire.

Dwyer £3.9m in red and omits dividends

Dwyer, the property investment group, has implemented cost-cutting measures after diving heavily into the red and passing its preference and ordinary final dividends.

The pre-tax loss for the 12 months to end-September amounted to £3.89m, against profits of £864,000 last time, mainly reflecting a £3.26m write-down against investment properties. Profits at the operating level amounted to £3.75m (£4.88m), before net interest charges of £4.89m (£4.01m).

Mr Desmond Bloom, chairman, said that the measures were being taken to ensure that rental income covers interest charges and overheads. He and the executive directors have reduced their salaries by 10 per cent.

Following a year-end revaluation of the group's portfolio, the net asset value fell from 196p to 123p. However, the balance sheet remained strong, Mr Bloom said, with a net worth approaching £30m. The group still has unutilised borrowing facilities.

Turnover amounted to £16.6m (£11.1m). Losses per share worked through at 26.42p (2.05p). An interim dividend of 1.5p was paid in August, but Mr Bloom was not able to indicate when payments would be resumed.

Reduced loss at Radiant Metal

Losses at Radiant Metal Finishing amounted to £40,626 in the half-year to August 31, marking a modest improvement on last time's deficit of £61,236.

The outcome came on turnover of £594,924 (£545,567).

Northamber falls to losses of £980,000

Northamber, one of Europe's largest personal computer distributors, fell into the red in the six months to October 31.

From profits of £219,000, the group tumbled to losses of £980,000, struck on turnover of £39.9m (£42.4m). In the year to April 30, Northamber reported pre-tax losses of £1.56m (profits £3.81m) after taking substantial debt and stock provisions. At that time Mr David Phillips, chairman, predicted "another difficult year"; he reiterated this in his statement accompanying the current results.

Losses per share came to 3.81p (earnings 0.82p).

Caspen Oil in the black with £59,000

Caspen Oil, the Belfast-based oil and gas exploration company, ended the year to July 31 with a pre-tax profit of £59,000.

This compared with losses of £2.79m at the previous year end but represented a £85,000 decline from the profit of £144,000 achieved at the interim stage.

Turnover of this USM-quoted company was more than halved from £3.19m to £1.46m. Operating costs, however, fell from £794,000 to £356,000 while amortisation of oil and gas properties also fell from £1.72m to £317,000.

Earnings per share came out at 0.47p (6.9p losses).

Mr Robert Luetchford, chairman, said the oil business had produced a satisfactory performance in the light of the restricted amount of capital available to exploit the company's proven assets.

Illingworth Morris sees profits halved

Illingworth Morris, the Yorkshire textile group which went private more than two years ago and had an acquisition for Jarmain & Son, one of Europe's largest wool scourers, investigated by the Monopolies and Mergers Commission in August, saw taxable profits almost halved in the six months to September 30.

Profits declined to £1.13m (£2.16m) on turnover down at £23.1m (£27.7m) – turnover on continuing activities rose £45,000 to £23.1m. However, the company said that the volume of wool processed had increased and the level of exports into overseas markets remained stable.

Interest took £338,000 (credit £149,000) and there were exceptional charges of £55,000 relating to redundancies and reorganisation.

Below the line there was an extraordinary charge of £72,000 (credit £8.5m) incurred in connection with the DTI recommendations over the Jarmain takeover. In its report the MMC proposed that Illingworth should dispose of three wool scouring lines.

Earnings were reduced to 1.7p (3.3p) per share.

DG Durham slides £280,000 into red

At the end of an "extremely difficult" first half to end-June DG Durham Group, the USM-quoted insurance broker, reported a pre-tax loss of £280,000.

The result compares with a profit of £484,000 last time and came from total income up from £4.95m to £5.48m.

Losses per share were 1.4p (2.2p earnings). There is no interim dividend (1p).

Mr Richard Read, chairman, said the broker had substantial problems arising in part as a result of the loss of certain business which it had anticipated following the acquisition of the Monument Group together with the loss of its Fine Arts account.

The travel industry had encountered very difficult trading conditions, particularly at the time of the Gulf war. America had also been an extremely soft market, he said.

Sharp decline at Kelsey Industries

The recession in the UK and the US adversely affected profits at Kelsey Industries in the year to September 30.

The solder, audio, video and industrial roofing group turned in profits of £1.44m pre-tax after an exceptional credit of £350,000 relating to a compensation claim. Profits last time amounted to £3.44m.

Turnover amounted to £43.4m (£52.1m) including direct exports and sales by overseas subsidiaries of £24.4m (£27.9m). Earnings per share dived to 20p (64p) and the recommended final dividend, payable on March 11, is cut to 18p for a total of 26p (28p).

£8m expansion at Airbreak Leisure

Airbreak Leisure, the tour operator, is to acquire Sunsail International, which provides sailing and club holidays in the Mediterranean, for a maximum of £8m.

The acquisition is to be satisfied by the issue of 12.6m new ordinary Airbreak shares, the issue of 1.9m new shares to two institutional shareholders of Sunsail and £1.55m of unsecured non-interest-bearing loan stock.

In addition Airbreak is raising about £3m via a 1-for-3 rights issue to reduce the enlarged group's borrowings.

Acsis agrees terms of £2m disposal

Acsis Group, the continuity sales promotion, interior design and recruitment group, has entered into a conditional agreement for the disposal of Acsis Recruitment Division, its principal recruitment businesses.

The disposal excludes Nursing Management Services, the nursing recruitment side of ARD.

The consideration will be £2m cash, of which £1.95m will be received on completion with a further £50,000 receivable in October 1992. An additional payment of up to £50,000 may be payable dependent on turnover.

Acsis also announced the rearrangement of the group's deferred consideration for NMS, capping the maximum further amount payable at £3.67m.

Lep sells Belgian distribution side

Lep Group, the security and freight forwarding company in which ADT has a 27 per cent stake, has sold its Belgian distribution companies for BFr32m (£540,000) cash.

The two companies, Lep Swift and Jean Vincent, are involved in the distribution of automotive parts and are being sold to a company owned by Mr Jean Vincent.

Iceland Foods expands in France

Iceland Frozen Foods Holdings has paid FFr9.69m (£980,000) for 50 per cent of Au Gel, a French family-owned food retailer. Au Gel, which has 16 branches in northern France, was acquired through Iceland Overseas, a newly formed subsidiary.

Elect and Gen net asset value ahead

Electric and General Investment Company reported an increase in net asset value over the six months to November 30 from 137.1p to 139.1p. A year earlier the figure had stood at 110.6p.

Net revenue was £1.55m (£1.67m) for earnings per share of 1.71p (1.86p). The interim dividend is unchanged at 1.5p.

Waverley Cameron cuts interim loss

Waverley Cameron, the office equipment and stationery group, reduced its seasonal interim pre-tax loss from £650,000 to £248,000.

The result for the six months to September 30 was helped by a fall in interest charges to £448,000, against £810,000.

The company said the benefits of reorganisation were beginning to emerge.

Turnover was £20.2m (£26.2m) and losses per share came out at 0.34p (1.81p).

Danae Investment asset value at 47.29p

The net asset value per share of Danae Investment Trust stood at 47.29p at November 30 compared with 40.19p a year earlier and 47.31p at the May 31 year end.

Net revenue for the half year improved from £229,836 to £239,846 for earnings per share of 3.39p (3.26p). The interim dividend is an unchanged 3.375p.

Better first half for Bula Resources

Bula Resources (Holdings), the Dublin-based oil and gas exploration concern, made a profit of I£34,000 (£32,000) in the first half of 1991, compared with a I£7,000 loss which was reduced by an exceptional credit of I£118,000.

Despite a particularly weak US gas market, which resulted in a curtailment of gas production and prices down by 20 per cent, turnover rose 16 per cent to I£1.23m.

Kleinwort Charter net assets rise

Kleinwort Charter Investment Trust reported net asset value of 172.25p at November 30, against 157.8p a year earlier. However, at the end of May the figure was 184.6p.

Net revenue for the year to end-November was £4.48m (£5m) and earnings per share came out at 5.49p (6.14p). A final dividend of 3.75p is recommended for a total of 5p (4.8p).

Safeland down but still in the black

Taxable profits at Safeland, the property group, fell from £309,000 to £81,000 in the six months to September 30. In the year to March 31 profits were £335,000.

Turnover declined to £3.26m (£8.64m). Earnings worked through down at 0.28p (1.11p) per share. The interim dividend is reduced to 0.14p (0.7p).

£6.6m disposal by New England Props

New England Properties, the target of a contested bid from TR Property Investment Trust, is to sell its retail warehouse park at King's Lynn, Norfolk, to a pension fund for £6.6m.

The sale is conditional upon the board approving completion by January 24 1992 or TRPIT's offer lapsing. The offer has been extended until January 8, and New England has advised its shareholders to take no action.

Brunner Investment increases revenue

Brunner Investment Trust had a net asset value of 174.74p at November 30 compared with 157.07p a year earlier and 188.1p at the half-year stage in May.

Total income rose to £6.72m (£6.5m) and after-tax revenue moved ahead to £3.5m (£3.34m) for earnings per share of 5.46p (5.22p). A final dividend of 2.55p (2.3p) is recommended, lifting the total from 4.3p to 4.75p.

Plateau pays £3.22m for Quay Minerals

Plateau Mining, the precious metals exploration group floated in January 1990, is to pay £3.22m for Quay Minerals, a UK industrial minerals company.

The acquisition will be financed by a placing of 26.8m new shares at 12p each.

Plateau shareholders can apply for the new shares on the basis of up to 1.3369 shares for every ordinary held.

The vendors, Mr Owen Eastwood and Mr James Clark, will collect £3m cash and will retain 1.83m Plateau shares. They will be able to dispose of up to half the shares in the six months after completion of the sale but will hold the rest for at least a year.

Chartered WestLB has conditionally placed the other 25m shares with institutional investors and is underwriting the placing. Brokers are James Capel.

Plateau reported a pre-tax profit of £23,000 for the year to September 30.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Treasuries up as traders digest interest rate cut

By **Patrick Harverson** in New York and **Sara Webb** in London

LAST week's big cut in interest rates continued to provide a firm underlying tone to US Treasury prices yesterday, with bonds and notes rising in light pre-holiday trading.

In late trading, the benchmark 30-year bond was up 8/32 at 105 19/32, yielding 7.516 per cent. The two-year note was also firmer, up 1/16 100 25/32, yielding 4.801 per cent.

Trading opened in a buoyant mood as dealers and investors picked up where they left off last week. The spark for that rally was the Federal Reserve's decision on Friday to cut the discount rate from 4.5 per cent to 3.5 per cent, and the Federal funds rate from 4.5 per cent to 4 per cent.

Although an interest rate cut had been expected, the market was surprised by the size of the Fed's reduction, which indicated the depth of concern among policymakers about the state of the economy. In light of the Fed's dramatic moves last week, the market yesterday was not ruling out the possibility of further interest rate cuts.

Comments yesterday from the White House spokesman, Mr Marlin Fitzwater, intimating that there was room for even lower interest rates, provided extra support for Treasuries.

While the strength at the short end of the market was to be expected, in light of the hopes for more rate cuts, the buoyancy at the long end was more noteworthy.

When interest rates are cut sharply, demand for long-dated securities is often subdued by fears that an over-aggressive easing of monetary policy might revive inflationary pressures in the economy.

The weakness in oil prices, and the steady decline in the rate of inflation over the past year, however, has tempered those fears and allowed the long end to participate fully in the rally.

■ TRADING in the European government bond markets was dominated by a round of interest rate increases yesterday which pushed prices lower, generally on thin volumes.

The central banks of France, Italy and Spain raised interest rates in order to support their currencies following the Bundesbank's decision to increase German rates last week. The rise in German rates and strengthening of the D-Mark has put pressure on the other currencies within the exchange rate mechanism of the European Monetary System.

French Treasury bonds ended lower after the Bank of France decided to raise the intervention rate from 9.25 per cent to 9.6 per cent. The 9¼ per cent Treasury bond due 2001 slipped 0.14 to trade at 104.28 by late afternoon, yielding 8.79 per cent.

In Italy, the central bank raised the official discount rate by half a percentage point to 12 per cent, pushing long-dated bonds lower. The 10-year bond due March 2001 closed at 99.16, down more than 20 points from Friday's close.

In Spain, the central bank raised its daily assistance rate by 25 basis points to 12.75 per cent, and its overnight repurchase rate by 25 basis points to 12.45 per cent.

The moves were prompted by last week's rise in German interest rates. German government bonds drifted lower yesterday, following the release of disappointing money supply figures, traders said. German M3 money grew 5.1 per cent on an annual basis in November, compared with 4.7 per cent in October. The Liffe bund futures contract slipped from its opening of 87.44 to 87.19 in thin trading ahead of the holiday break.

■ UK government bond prices fell sharply on fears that the Bank of England may be forced to raise the base rate following the Bundesbank's decision last week to increase German interest rates.

The spate of interest rate increases elsewhere in Europe left gilt dealers feeling nervous. Traders pointed out that the money market had already discounted a rise in interest rates by shifting up to 11 per cent.

Gilt prices dropped across the maturity range, with long-dated issues the worst hit. The benchmark 11¾ per cent gilt due 2003/07 fell from 114¾ to 113 19/32, while the 10 per cent gilt due 1996 slid from its opening of 100¼ to trade at 100⅛ by late afternoon. The Liffe gilt futures contract, which opened at 96.03, tumbled through the key support level of 96.00 to trade at 95.16 by the close of the day.

● INTEREST rate increases in Europe had a muted effect on Eurobond market activity, but dealers expect sharp losses in several sectors when market participants return from the holidays in the new year, AP-DJ reports.

Of the various Eurobond sectors, traders expect the Euro-lira bond market to be the worst hit, especially bonds by supranational agencies on which Italians do not have to pay withholding tax.

This sector has seen a sharp fall in yields recently as investors rushed to load up on the belief that the Italian government was going to abolish this tax haven.

These fears, however, so far have proven unfounded, as a proposed amendment to the tax rules was dropped about two weeks ago.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	115.7915	+0.140	9.60	9.67	9.73
BELGIUM		9.000	08/01	99.7500	-	9.02	9.04	9.12
CANADA *		8.500	04/02	101.200	-0.100	8.32	8.49	8.77
DENMARK		9.000	11/00	101.0250	-0.200	8.82	8.84	8.99
FRANCE	BTAN	8.500	11/96	97.0352	-0.223	9.27	9.04	9.13
	OAT	9.500	01/01	104.2900	-0.110	8.79	8.76	8.93
GERMANY		8.25	09/01	100.7300	-0.140	8.13	8.20	8.28
ITALY		12.000	06/01	96.5400	-0.310	12.63	12.53	12.63
JAPAN	No 119	4.800	06/99	93.9838	-	5.98	5.98	6.23
	No 129	6.400	03/00	104.4836	-	5.60	5.62	5.92
NETHERLANDS		8.500	03/01	98.9600	-	8.66	8.69	8.76
SPAIN		11.900	07/98	99.8000	-0.600	11.90	11.72	11.99
UK GILTS		10.000	11/96	100-01	-15/32	9.99	9.88	9.97
		10.000	02/01	100-14	-20/32	9.75	9.57	9.94
		9.000	10/08	95-23	-29/32	9.51	9.35	9.70
US TREASURY *		7.500	11/01	104-15	+22/32	6.86	7.22	7.41
		8.000	11/21	105-19	+22/32	7.52	7.77	7.97

London closing, *denotes New York closing. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106½	107½	+⅛	6.31
ALBERTA PROVINCE 9 3/8 95	600	110	110¼	+¼	6.35
AUSTRIA 8 1/2 00	400	106¾	107¼	+½	7.34
BANK OF TOKYO 8 3/8 96	100	105¼	105¾	+½	6.90
BELGIUM 9 5/8 98	250	112¾	112¾	+⅛	7.17
BFCE 7 3/4 97	150	104⅛	105¼	+⅛	6.66
BNP 8 5/8 94	300	106⅜	107	+⅛	5.79
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.70
COPENHAGEN TEL 8 5/8 96 LFr	600	98	98¾		9.23
WORLD BANK 8 96 LFr	1000	96¼	97¼		9.10
ABN AMRO HOLDING 9 1/4 01 Fl	750	102¼	102½	+¼	8.87
UNILEVER 9 00 Fl	500	102¾	103¼		8.52
ALBERTA PROVINCE 10 5/8 96 C$	500	106½	106¾	+¼	8.67
BELL CANADA 10 5/8 99 C$	150	106¼	107¼	+⅛	9.32
[illegible]					

FLOATING RATE NOTES [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

CONVERTIBLE BONDS [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Continental expects turnover to rise by 10%

By **Andrew Fisher** in Frankfurt

CONTINENTAL, the German tyre and rubber products company, expects turnover to rise by 10 per cent next year to around DM10bn ($6.5bn), with the world tyre market again growing by only 2 per cent.

The company repeated its expectation of returning to profit in 1992 after a loss this year caused by plant closure costs in Canada and provisions for restructuring and development.

It said, however, that the profit would not be satisfactory. In 1990, net profits fell by 59 per cent to DM93m.

Continental said 54 per cent of its expected sales next year would come from car and truck tyres, 24 per cent from ContiTech, its technical products unit, and 22 per cent from General Tire in the US. Germany would account for 37 per cent of turnover. Turnover will include DM460m from Nivis Tyre of Sweden, in which the company recently acquired the outstanding 51 per cent.

In North America, Continental said the second half of 1992 should see a slight economic revival, which would benefit General Tire. The European volume markets of France, Italy, Spain, and the UK were also showing signs of recovery.

The company said turnover this year rose by 9 per cent to DM9.3bn, of which tyres (Continental, Uniroyal, and Semperit) accounted for DM4.7bn, a rise of 12.5 per cent. General Tire's sales were down by 9 per cent to DM2.3bn as a result of the weak dollar and the poor state of the US vehicle market. ContiTech raised sales by 3 per cent to DM2.2bn.

Mövenpick stake sale draws mixed reaction

By **Ian Rodger** in Zurich

THE SALE of the controlling stake in Mövenpick, the Swiss restaurant and hotel group, to the Munich businessman, Mr August von Finck, received a mixed reaction in Switzerland.

Analysts are relieved that the group, which has seemed to lose its way in recent years, will at last be put in firm hands.

Union Bank of Switzerland immediately changed its rating on Mövenpick shares, which have under-performed the Swiss market for three years, from sell to hold.

At the same time, UBS analyst Thomas Kalbermatten was disappointed that Mr von Finck's offer for the controlling block of shares held by the group's founder, Mr Uli Prager, was not extended to other shareholders.

Terms for the sale of the 15.2 per cent of the equity, which carries 51 per cent of voting rights, were not disclosed.

There is also disappointment that the group, which is one of the great Swiss industrial success stories of the post-war era, is falling into foreign hands. The Tages Anzeiger, Zurich's leading newspaper, began its report of the news of the sale by noting that: "August von Finck is a foreign name in Switzerland."

Mr Prager set up his first restaurant in Zurich in 1948, adopting the distinctive name, Mövenpick, which evokes a seagull coming and taking a peck out of a sandwich. The idea was to provide good, but simple, meals at reasonable prices, and it caught on quickly as affluence spread.

The group is one of the largest hotel and restaurant groups in Europe, with 31 hotels and more than 200 restaurants in 11 countries, including one at the Swiss Centre in Leicester Square in London. Over 90 per cent of sales come from operations in Switzerland and Germany.

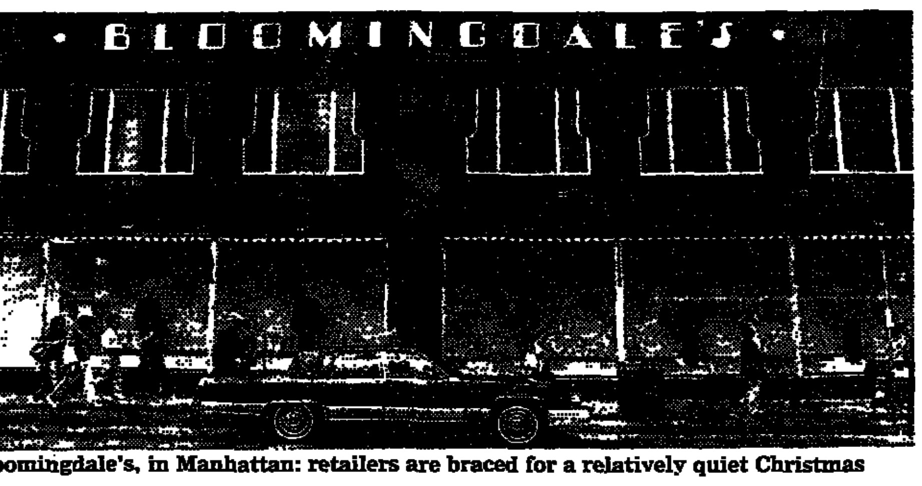
Sales last year were SFr866.1m ($623m), up 6.7 per cent, but pre-tax profits before extraordinary items were down 30 per cent to SFr20m. Market capitalisation is about SFr370m.

Things started to go wrong with the group shortly after Mr Prager retired in 1985, turning control over to his Austrian wife, Jutta. Mrs Prager, who had been active in managing the restaurant division for several years, embarked on an ambitious expansion of the hotel division, which has yet to bear fruit.

Following disputes with other directors, she withdrew last year and her husband, now 75, resumed control. Although the Pragers have three children, they decided to sell out.

Praying for a miracle on Madison

Nikki Tait finds New York's big retailers unseasonally gloomy



Bloomingdale's, in Manhattan: retailers are braced for a relatively quiet Christmas

MIRACLE On 34th Street – a touching tale of New York's Macy's department store and its Christmas Santa – has had its annual TV showing. America's shopkeepers, by contrast, are still praying for a miracle.

"It's been a disappointing season so far," confessed Dayton Hudson, the Chicago-based department store group which takes in Marshall Field's and Target chains. "It's below what people think it is," said Mr Myron Ullman, vice-chairman of Macy's, after the heavily-indebted group last week unveiled a $155.4m loss for the autumn quarter. Such sentiments are widespread.

Evidence suggests the problem derives less from the number of people shopping than the amounts which they are spending. "I don't know about the recession," remarked one Christmas shopper, vainly seeking an assistant in Bloomingdale's, "but it seems pretty busy to me."

Certainly, shopping malls on the east coast have appeared fairly full – although Manhattan's Fifth Avenue crush has been less marked in recent days than on the Friday after Thanksgiving.

The real question, however, is not whether shoppers are out in force, but how much they are buying and at what price. Walk for a couple of blocks on Madison Avenue, and the story is spelled out in large red signs. "Alligator bags – 30-50 per cent off", declares Lederer, a classy leather boutique. "25-35 per cent reductions", shouts Johnston & Murphy, selling men's shoes.

This, moreover, is a premier shopping street, and Christmas was still a few days away. "People are buying a lot more moderate merchandise," noted one shopowner. "While sales might come in well for December, gross margins might not improve as much over 1990's depressed figures as had been anticipated," suggested analysts at Oppenheimer, the Wall Street brokerage.

The annual game of guessing whether retailing's crucial season will be a flop or a sell-out has taken on an additional dimension this year. Consumers' reluctance to open their purses is viewed as one of the main obstacles to any economic recovery.

According to the US Department of Commerce, sales for all retail stores (with no seasonal adjustment) rose from $1,741.7bn in 1989 to $1,807.2bn in 1990, while consumer prices increased by 6.1 per cent over the same period.

In the first 11 months of 1991, however, the picture has been bleaker still. Seasonally-adjusted sales for this period are put at $1,670.5bn, compared with $1,657.3bn in the same months of 1990. Consumer price inflation, meanwhile, is running at 2.9 per cent.

The most common explanation is concern over jobs. General Motors, IBM, Xerox, and Caterpillar – to name but a few – have all announced large-scale redundancy programmes in the weeks running up to Christmas. Pan Am, which was employing 10,000 people, mainly in Florida and New York, simply folded.

One retailer with large exposure to the Californian market quotes a local newspaper survey of over 20 high-tech businesses. It found, he says grimly, that 16 were planning to furlough workers without pay over the holiday period. On the other seaboard, official statistics have just revealed that New York State and north-eastern New Jersey lost a swingeing 300,000 jobs in the year to the end of October.

Assuming no last-minute surge in holiday, where does this leave the US retail sector? A couple of companies have consistently bucked the High Street bloodbath. Wal-Mart, for example, relentlessly notches up earnings gains of more than 20 per cent, and aggressive expansion of its discount stores and "warehouse clubs" seems unlikely to abate. It proposes to end 1991 in similar style, opening 16 new stores on New Year's Eve.

At the other end of the scale, a bankruptcy threat continues to hover over a smattering of chains. Those to have already succumbed this year include P.A. Bergner, the Milwaukee-based department store operator; Carter Hawley Hale, in California; and, just days ago, the Cascade clothing and cosmetics boutique chain, whose owner disappeared last month.

In truth, however, most retailers seem gloomily unsurprised by the drab holiday sales pattern – with the result that hugely overloaded stock positions, which plagued the sector in 1989, do not exist. "We planned conservatively for the season from the outset," said Mr Allan Questron, head of the bankrupt Federated/Allied Department Stores group, where outlets range from Jordan Marsh to The Bon Marche shops. "There was a clean in-stock position going into Christmas," claims Dayton Hudson.

It is certainly not the merriest of holiday sentiments. But it does, perhaps, suggest that the some pain may be contained.

Fairfax takeover completed despite court action

TOURANG, the successful bidder for Australia's Fairfax newspaper group, yesterday formally completed the acquisition, in spite of a court action brought by a rival bidder writes Kevin Brown in Sydney.

The consortium's A$1.4bn (US$1.07bn) offer was selected last week by Mr Des Nicholl, the receiver appointed to sell Fairfax by a syndicate of banks, to which it owed A$1.3bn.

The deal gives Mr Conrad Black, the Canadian publisher of the Daily Telegraph group, in the UK, effective control of Fairfax, which publishes the Sydney Morning Herald, the Australian Financial Review, and The Age, in Melbourne.

Independent Newspapers, the Irish media group owned by Mr Tony O'Reilly, sought a federal court order yesterday to prevent the completion on the grounds that the deal contravened legal limits on cross-ownership of media assets. Justice Sheppard adjourned the case until February 4, giving Independent Newspapers time to file a full statement of claim. The company said it would seek damages from Tourang.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday December 23 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Dec 20 Index No.	Thu Dec 19 Index No.	Wed Dec 18 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (180)	706.97	-0.9	9.58	6.81	13.36	34.30	713.21	721.53	727.39	719.27
2	Building Materials (23)	820.50	-0.6	8.49	7.59	15.91	46.51	825.60	835.82	847.26	978.98
3	Contracting, Construction (29)	822.60	-0.2	9.09	9.01	16.13	51.42	823.87	833.45	846.20	1121.92
4	Electricals (10)	2266.56	-0.7	10.64	6.54	11.97	98.23	2283.13	2285.87	2317.98	1892.21
5	Electronics (26)	1652.81	-1.0	11.12	5.20	11.40	53.94	1670.22	1679.11	1687.96	1541.09
6	Engineering-Aerospace (8)	318.78	-0.9	16.95	8.15	7.18	18.52	321.55	323.81	323.56	403.36
7	Engineering-General (43)	443.27	-0.8	10.82	5.66	11.40	18.20	446.95	449.76	456.32	364.18
8	Metals and Metal Forming (9)	292.51	+2.0	2.23	12.03	-	25.83	286.87	287.73	293.12	403.29
9	Motors (12)	275.93	-1.2	9.38	8.73	14.15	17.56	279.25	282.44	287.67	294.24
10	Other Industrial Materials (20)	1413.04	-1.5	8.47	5.80	14.05	59.05	1434.12	1462.61	1462.66	1243.95
21	CONSUMER GROUP (189)	1499.05	-0.6	7.81	3.68	15.77	40.73	1508.19	1520.21	1536.01	1224.58
22	Brewers and Distillers (23)	1879.93	-0.5	8.99	3.77	13.45	49.14	1889.60	1899.96	1912.32	1591.91
25	Food Manufacturing (19)	1187.44	....	9.95	4.27	12.36	37.32	1187.59	1190.05	1203.16	1032.12
26	Food Retailing (17)	2273.64	-0.1	10.19	3.65	12.75	65.37	2275.58	2270.52	2303.81	2281.68
27	Health and Household (24)	4000.57	-0.4	5.14	2.41	22.36	72.62	4015.23	4079.33	4119.73	2562.46
29	Hotels and Leisure (24)	1168.26	-0.7	8.90	5.80	13.92	45.61	1176.58	1175.43	1186.73	1205.61
30	Media (23)	1315.36	-1.3	7.18	4.09	17.50	48.36	1332.47	1340.95	1340.94	0.00
31	Packaging, Paper & Printing (17)	689.22	-1.3	7.83	4.82	15.48	24.43	698.53	703.04	712.98	522.34
34	Stores (32)	930.75	-1.5	7.92	3.99	16.71	26.77	944.46	956.60	974.10	777.47
35	Textiles (10)	569.69	-1.3	8.13	5.45	15.69	22.28	577.39	580.22	584.60	411.36
40	OTHER GROUPS (112)	1135.83	-0.6	10.69	5.91	11.79	40.33	1142.94	1154.24	1164.75	1009.36
41	Business Services (13)	1272.97	-1.1	7.93	5.23	16.02	46.93	1287.26	1305.22	1329.05	0.00
42	Chemicals (21)	1322.19	-0.6	7.65	5.55	16.16	54.35	1330.78	1352.39	1370.59	1045.01
43	Conglomerates (11)	1203.24	-0.5	12.53	8.93	9.69	44.87	1208.70	1249.41	1280.25	1291.13
44	Transport (14)	2208.13	-0.9	5.81	5.12	22.66	79.12	2228.61	2250.98	2263.43	1899.25
45	Electricity (16)	1173.35	-0.6	15.46	6.34	8.42	27.53	1180.17	1194.69	1192.50	0.00
46	Telephone Networks (4)	1357.86	-0.3	11.56	4.62	11.30	30.42	1361.57	1359.97	1367.60	1164.99
47	Water (10)	2192.80	-1.0	19.47	7.25	5.66	151.44	2214.40	2237.81	2221.16	2188.87
48	Miscellaneous (23)	1642.57	-0.9	6.09	6.04	22.58	75.10	1658.00	1656.61	1682.66	1569.52
49	INDUSTRIAL GROUP (481)	1183.68	-0.7	9.03	4.92	13.85	39.66	1191.52	1202.49	1214.02	1035.33
51	Oil & Gas (19)	2105.65	-0.2	12.15	6.66	10.89	104.27	2110.22	2185.22	2204.73	2341.88
59	500 SHARE INDEX (500)	1264.75	-0.6	9.39	5.12	13.44	44.82	1272.46	1288.09	1300.34	1142.54
61	FINANCIAL GROUP (90)	682.86	-0.4	-	6.84	-	34.41	685.90	696.78	701.17	712.63
62	Banks (9)	808.67	-0.7	4.88	6.57	40.55	38.97	814.61	822.27	829.81	755.73
65	Insurance (Life) (6)	1368.96	+0.7	-	6.24	-	63.68	1358.92	1376.80	1382.21	1276.23
66	Insurance (Composite) (7)	462.25	-0.6	-	9.43	-	32.94	464.94	483.91	483.87	618.77
67	Insurance (Brokers) (10)	944.13	-2.1	8.64	7.09	15.24	49.46	964.33	978.78	981.33	994.74
68	Merchant Banks (7)	437.79	-1.1	-	4.89	-	16.06	442.65	448.10	450.77	358.51
69	Property (35)	787.79	+0.5	6.23	5.98	23.47	33.34	784.14	797.31	803.71	967.39
70	Other Financial (16)	225.10	-1.2	11.95	7.77	10.53	13.03	227.81	229.99	230.87	253.63
71	Investment Trusts (69)	1111.53	-0.5	-	3.92	-	31.82	1116.90	1120.53	1134.52	1008.16
99	ALL-SHARE INDEX (659)	1126.05	-0.6	-	5.30	-	41.78	1132.66	1146.78	1157.33	1036.52

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Year ago
FT-SE 100 SHARE INDEX‡	2345.4	-12.7	2353.0	2327.0	2358.1	2391.6	2413.6	2432.9	2440.8	2156.3

FIXED INTEREST

	PRICE INDICES	Mon Dec 23	Day's change %	Fri Dec 20	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (27)	121.05	-0.18	121.27	1.72	12.18
2	5-15 years (27)	134.40	-0.53	135.12	2.13	13.36
3	Over 15 years (8)	142.90	-0.60	143.76	1.23	13.69
4	Irredeemables (6)	158.43	-0.66	159.49	1.91	13.68
5	All stocks (69)	132.48	-0.42	133.04	1.94	13.15
	Index-Linked					
6	Up to 5 years (2)	166.70	-0.11	166.89	0.84	3.16
7	Over 5 years (9)	146.34	-0.29	146.77	0.62	4.64
8	All stocks (11)	148.03	-0.27	148.43	0.65	4.51
9	Debs & Loans (62)	113.96	-0.47	114.49	2.10	10.75

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 23	Fri Dec 20	Year ago (approx.)
	British Government				
1	Low	5 years	8.99	8.90	10.03
2	Coupons	15 years	9.45	9.38	10.26
3	(0%-7¾%)	20 years	9.45	9.38	10.28
4	Medium	5 years	9.91	9.81	11.11
5	Coupons	15 years	9.58	9.49	10.61
6	(8%-10¾%)	20 years	9.53	9.45	10.48
7	High	5 years	10.13	10.04	11.22
8	Coupons	15 years	9.64	9.55	10.79
9	(11%-)	20 years	9.57	9.48	10.66
10	Irredeemables	†	9.65	9.58	10.40
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.10	4.06	4.09
12	Inflation rate 5%	Over 5 yrs.	4.42	4.40	4.16
13	Inflation rate 10%	Up to 5 yrs.	3.43	3.39	2.75
14	Inflation rate 10%	Over 5 yrs.	4.23	4.21	3.98
15	Debs &	5 years	11.36	11.23	12.53
16	Loans	15 years	11.14	11.04	12.32
17		25 years	10.93	10.85	12.12

‡Opening index 2353.0; 9 am 2329.8; 10 am 2328.0; 11 am 2330.8; Noon 2333.6; 1 pm 2334.3; 2 pm 2334.8; 2.30 pm 2335.7; 3 pm 2337.7; 4.10 pm 2344.5; (a) 8.30am (b) 9.04am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991. CONSTITUENT CHANGES: DELETION: Ultramar (51); ADDITION: British Borneo Petroleum Syndicate (51).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	75	7
Other Fixed Interes	1	15	3
Commercial, Industrial	109	469	914
Financial & Property	36	256	487
Oil & Gas	9	35	47
Plantations	0	0	10
Mines	11	58	83
Others	40	55	50
Totals	206	963	1,601

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1	Nil	-	2pm	½pm	Chemex 5p	½pm	-1½
12½	Nil	-	5½pm	2½pm	Oceonics	4pm	-½
148	Nil	-	21pm	10pm	Unichem 10p	21pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ¤ Unit comprising of 5 Ords and 1 Warrant.

LONDON TRADED OPTIONS

[illegible]
[illegible]

Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

- First Dealings Dec. 16
- *Last Dealings* *Jan. 3*
- Last Declarations March 19
- For settlement March 30

3-month call rate indications are shown on this page.

Calls in ASDA, *Bank of Scotland*, Betterware, Bodycote, Dowty, *Globe Petlm.*, W. Lawrence, Lonrho, Natl. Home Loans, Prospect Inds., Ratners, Royal Insce., Smith & Nephew, Spring Ram and **Tarmac.** Put in **Tarmac.** Puts and *calls in* **Tiphook** *and* **Trafalgar House.**

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	42	Ladbroke	21	Sears	8	■ OILS	
Allied-Lyons	50	Comm Union	40	Legal & Gen	33	SmKl Bchm A	60	Aviva Pet	2
Amstrad	4	Courtaulds	38	Lex Service	18	TI	39	BP	26
Astec (BSR)	5	Eurotunnel	35	Lloyds Bank	30	TSB	11	Burmah Castrol	44
BAT Inds	53	FKI	5	Lonrho	19	Tesco	27	Conroy Pet	7
BOC	48	FNFC	6	Lucas Inds	12	Thorn EMI	65	Gaelic Res	1
BTR	33	Forte	21	Marks Spencer	23	T & N	14	Premier Cons	4
Barclays	34	GKN	26	Midland Bank	18	Unilever	60	Shell	40
Blue Circle	20	Gen Accident	40	NatWest Bank	28	Vickers	15	Tuskar Res	1
Boots	33	GEC	16	P. & O Dfd.	41	Wellcome	70	Ultramar	20
Bowater	65	Glaxo	75	Racal Elect	6	■ PROPERTY		■ MINES	
Brit Aerospace	30	Grand Met	67	RHM	21	Brit Land	24	RTZ	44
British Steel	10	GRE	11	Rank Org	52	Land Sec.	41		
Brit Telecom	27	Hanson	16	Ratners	9	MEPC	38		
Cadburys	35	ICI	95	Reed Intl	38	Mountleigh	3		

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 24.12.91 Pool purchase price £/MWh	Final Prices for Trading on 23.11.91 Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.26	18.47	18.47
0100	18.88	18.58	18.58
0130	19.31	18.60	18.60
0200	19.31	18.60	18.60
0230	17.26	18.49	18.49
0300	17.22	18.48	18.48
0330	17.10	18.45	18.45
0400	17.07	18.43	18.43
0430	17.05	18.41	18.41
0500	17.05	18.41	18.41
0530	17.12	18.44	18.44
0600	17.18	18.48	18.48
0630	17.12	18.52	18.52
0700	17.26	18.58	18.58
0730	18.88	17.18	19.84
0800	18.77	17.83	20.41
0830	19.54	19.41	21.94
0900	21.10	19.88	22.43
0930	21.10	20.17	22.73
1000	21.10	21.23	23.83
1030	21.10	21.23	23.83
1100	20.40	21.24	23.83
1130	20.04	21.70	24.31
1200	19.91	30.14	33.05
1230	19.76	30.14	33.04
1300	19.76	30.13	33.00
1330	17.34	21.33	23.80
1400	17.28	20.17	22.71
1430	17.19	20.17	22.71
1500	17.12	20.17	22.71
1530	17.12	20.18	22.72
1600	17.34	20.94	23.70
1630	19.54	45.36	52.05
1700	21.03	65.67	75.62
1730	21.03	68.52	77.65
1800	21.10	54.93	62.27
1830	21.10	31.83	35.38
1900	21.10	25.13	27.83
1930	20.04	21.77	24.33
2000	20.04	19.41	21.91
2030	20.04	19.41	21.91
2100	19.76	18.00	20.47
2130	17.22	17.94	20.41
2200	17.22	17.74	20.21
2230	17.10	16.61	16.61
2300	17.05	16.62	16.62
2330	17.05	16.45	16.45
2400	17.07	16.45	16.45

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, December 23, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market ates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Falkland Is	(Falk £)	1.00	0.5329	0.3521	0.421
Faroe Is	(Danish Kroner)	11.1000	5.9152	3.9084	4.6736
Fiji Is	(Fiji $)	2.7600	1.4708	0.9718	1.1621
Finland	(Markka)	7.7630	4.1369	2.7334	3.2686
France	(Fr)	9.7100	5.1745	3.419	4.0884
Fr. Cty/Africa	(CFA Fr)	485.50	258.726	170.951	204.421
Fr. Guiana	(Local Fr)	9.7100	5.1745	3.419	4.0884
Fr. Pacific Is	(CFP Fr)	175.00	93.2587	61.6197	73.6842
Gabon	(CFA Fr)	485.50	258.726	170.951	204.421
Gambia	(Dalasi)	17.4517	9.3001	6.1449	7.348
Germany	(D-Mark)	2.8400	1.5134	1	1.1957
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Namibia	(S A Rand)	5.1475	2.7431	1.8125	2.1673
Nauru Is	(Australian $)	2.4665	1.3144	0.8684	1.0385
Nepal	(Nepalese Rupee)	79.9389	42.6	28.1475	33.6584
Netherlands	(Guilder)	3.2025	1.7066	1.1276	1.3484
N'nd Antilles	(A/Guilder)	3.3518	1.7861	1.1802	1.4112
New Zealand	(NZ $)	3.4478	1.8373	1.214	1.4517
Nicaragua	(Gold Cordoba)	9.3625	4.9893	3.2966	3.9421
Niger Rep	(CFA Fr)	485.50	258.726	170.951	204.421
Nigeria	(Naira)	18.3505	9.7791	6.4614	7.7265
Norway	(Nor. Krone)	11.2250	5.9818	3.9524	4.7263
Oman	(Rial Omani)	0.7180	0.3826	0.2528	0.3023
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Venezuela	(Bolivar)	113.64	60.5595	40.014	47.8484
Vietnam	(Dong)	24342.50	12972.3	8571.3	10249.5
Virgin Is-British	(US $)	1.8765	1	0.6607	0.7901
Virgin Is-US	(US $)	1.8765	1	0.6607	0.7901
Western Samoa	(Tala)	4.5185	2.4079	1.591	1.9025
Yemen (Rep of)	(Rial)	24.2489	12.9224	8.5383	10.21
Yemen (Rep of)	(Dinar)	0.8707	0.464	0.3066	0.3666
Yugoslavia	(Dinar)	37.3713	19.9154	13.1589	15.7352
Zaire Rep.	(Zaire)	117670.00	62707.2	41433.1	49545.3
Zambia	(Kwacha)	160.5669	85.5672	56.5376	67.6071
Zimbabwe	($)	9.3625	4.9893	3.2966	3.9421

Special Drawing Rights December 20, 1991 United Kingdom £0.767663 United States $1.41058 Germany D Mark 2.19430 Japan Yen180.977
European Currency Unit Rates December 23, 1991 United Kingdom £0.714429 United States $1.33970 Germany D Mark 2.03500 Japan Yen170.410

Abbreviations: (a) Free rate. (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; ‡Cambodia, 17 December 1991, Rial revalued.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday December 23, 1991

TECHNOLOGY

The top toys in Tokyo

Computer games, cuddly toy seals and the video version of Walt Disney's Fantasia are among the best sellers in Tokyo's toy shops this Christmas.

"Boys go for computer games. Girls and young women like the stuffed toys best," says Akira Hiyama, manager of Hakuhinkan, a store in Ginza, Tokyo's premier shopping district.

His best-seller is a a disc drive adapter designed to boost the performance of a game-playing computer. Selling for Y49,800 (£212) and made by Sega, a Japanese toy manufacturer, it is popular with teenagers.

Sega is also doing well with software. Sega's Sonic the Hedgehog, a game featuring the trials and tribulations of a bionic hedgehog, has overtaken in popularity the Super Mario Brothers games made by Nintendo, a rival maker. Nevertheless, Nintendo games still figure prominently in Hiyama's top 20.

Sonic and Super Mario Brothers are action games. Older game fans – that means anyone over 25 – tend to prefer "role" games in which players are given time to think as they play the part of a samurai or of Zerda, the monster-fighting fantasy hero.

Second only to computer games in popularity are dolls and stuffed toys. This year's favourite is a cuddly kitten which miaows (priced at Y18,000) and two kinds of baby seal. "They're popular among office girls who buy them for themselves, for each other and for their families," says Mr Hiyama. Other top-sellers include Disney's Fantasia - in both Japanese and English - and a range of Thomas the Tank engine toys.

Mr Hiyama says that Japanese parents leave the choice of gift entirely to the child. The presents are then beautifully wrapped and given on Christmas morning. Unfortunately, many parents cannot stay to witness their children's joy for long: December 25 is a normal working day.

Stefan Wagstyl

Guy de Jonquières analyses the technological and logistical advances that are revolutionising the relationship between stores and their suppliers

Retailers plan for last-minute rush

Recession has forced British retailers to resort to some desperate ploys to drum up trade. But so far, none has fallen back on that old stand-by – the "Shop Early for Christmas" sign.

The reason is not just that warnings of last-minute shortages would cut little ice with consumers, who can see all too clearly that the most pressing problem for many stores is to shift slow-moving stocks.

It is also because shopping patterns are changing rapidly. In the past few years, consumers have become more accustomed to being able to find what they want in the shops when they want it. As a result, they are leaving Christmas purchases later every year.

J. Sainsbury, for instance, says 50 per cent of its sales in the four weeks before last Christmas were made in the final 10 days of the period, up from 40 per cent in 1989. This year, it expects the proportion to rise to 60 per cent.

Mr David Sims, managing director of convenience foods at Northern Foods, says the peak selling period for Christmas biscuits has slipped two to three weeks in the past five years. Mr Bernard Matthews, a leading poultry breeder, says turkeys are now delivered to stores two weeks later than in the mid-1980s.

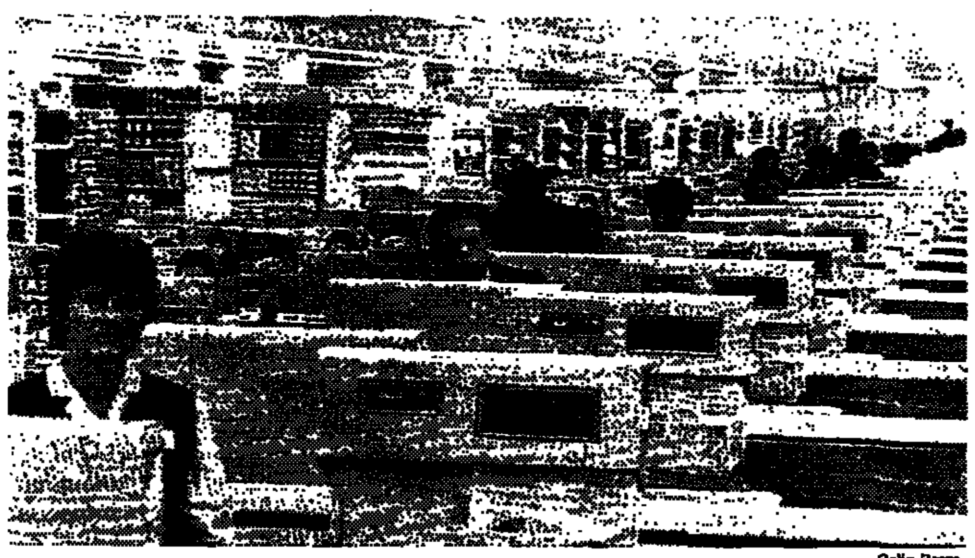
Behind these trends, and largely invisible to the average shopper, lie dramatic advances in logistics and technology which have revolutionised management of the supply chain.

The furthest advances have been made by the food supermarket groups, which have invested heavily to bring operations closer to the "just in time" ideal. Three elements have combined to improve efficiency:

● Streamlined distribution. Until a few years ago, most multiples relied on manufacturers to ship their products to the point of sale. Retailers now do far more of the distribution themselves, receiving almost all deliveries at large central depots and transporting them to their stores in their own fleets.

Powerful computer systems calculate optimal lorry loadings, routes and scheduling. In spite of worsening traffic congestion, Marks and Spencer says its stores are replenished within 12 hours of placing orders, and most deliveries arrive within 30 minutes of the specified time.

● Electronic point of sale (Epos) scanning systems, installed in many supermarkets, shorten time spent at check-outs and provide detailed information on which products are selling best and how fast.



Colin Beere

Last link in the chain: electronic point of sale scanners cut time spent at check-outs and give detailed information on which products are selling best and how fast

At present, orders are still prepared manually from information recorded at check-outs or collected by staff using hand-held data terminals to check stocks on the shelves.

However, the next generation of Epos equipment will be designed to be connected directly to depots and capable of transmitting replenishment orders automatically. It is already on trial in some M and S stores, while J. Sainsbury plans to start installing it in the next 12 to 18 months.

● Electronic data interchange (EDI) systems. These networks, also a relatively recent innovation, replace laborious paperwork by transferring orders and invoices between computers in the retailers' depots and those in their suppliers' warehouses at the press of a button.

A central objective of these developments has been to enable supermarket chains to handle an increasing range of different products, while controlling stocks more tightly.

J. Sainsbury, for instance, sells 14,000 products, double the number a decade ago, yet has reduced stocks as a proportion of sales by more than five per cent a year since the mid-1980s. Today, it carries an average of 10 days' supplies, down from two weeks five years ago.

Equally important is more accurate and timely order forecasting. Mr Alastair Grant, chairman of Argyll, says that when the company acquired the Safeway chain in 1987, meat departments in the latter's stores had to estimate their supply needs nine days in advance. Improved information and distribution systems, coupled with computerised models of variations in daily sales patterns, mean that forecasts need now only be made 12 hours ahead. In effect, tomorrow's deliveries are increasingly based on today's sales.

But what is good news for retailers presents a difficult challenge for suppliers, which now have to shoulder more of the responsibility for carrying stock and adjust to less predictable and more demanding order and delivery patterns.

"Modern technology has undoubtedly pushed the risk back on us," says one executive of a leading British food manufacturer. "In the past, big retailers used to place their intents (planned orders) for Christmas in July and August, and that was it. Nowadays you sweat a little."

Only a few years ago, manufacturers would start delivering Christmas products to a fixed schedule. If goods sat on the shelves unsold, the retailers bore the cost. Now, retailers insist that deliveries be geared much closer to demand and often delay payment for early shipments. Furthermore, when large retailers call for deliveries, they expect manufacturers to comply within 24 hours or less, against four to five days previously. If M and S's suppliers miss a morning delivery, they are no longer allowed to make it up on the afternoon run.

This more rigorous schedule has greatly increased the strain on suppliers, obliging them to manage production more flexibly. To be sure of meeting demand, Northern Foods, for instance, now freezes seasonal items such as sausage rolls uncooked and bakes them as needed. Many lettuce growers have installed sophisticated glasshouse controls which enable the growing cycle to be speeded up or slowed down.

Some manufacturers fear they will face an even bigger problem in the future. If pre-Christmas demand turns out weaker than expected, retailers may start scaling back orders placed months earlier, leaving suppliers with sizeable unsold stocks of seasonal products.

Even if such anxieties turn out to be groundless, there is a growing feeling in the industry that the superior access to information which the retailers' technology has given them has unbalanced their relationship with manufacturers, saddling the latter with unnecessary risks and costs.

Manufacturers argue that both sides need to abandon traditional adversarial attitudes and work more closely to increase flexibility.

"The way to succeed is to form partnerships with retailers," says Mr Paul Kitchener, distribution director of United Biscuits. "At present, we have EDI links and can transfer orders overnight. But all we can see is how fast stock is moving from the warehouses.

"In future, we expect to see how fast stock is moving from the stores. That means the retailers sharing with us their sales information and forecasts at the point of sale. The technology to do that exists."

M and S, many of whose 200 food suppliers manufacture exclusively for its stores, says it is moving in that direction. Some Tesco suppliers say it is also becoming more open. J. Sainsbury, however, appears more hesitant.

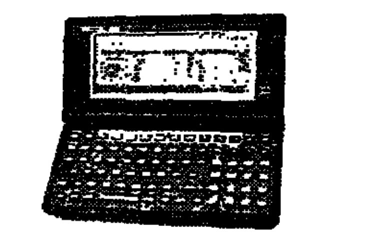
Mr Hamish Elvidge, Sainsbury's director of branch services, insists it already gives suppliers "robust" forecasts. He says the group is still debating whether there would be any advantage for either side in providing suppliers with proprietary data collected at the point of sale.

The next Technology page will appear on Friday January 3, 1992.

POCKET COMPUTERS

HP aims at the Lotus user

By Paul Abrahams



BURGLARS raiding my flat last week made two mistakes. First, they left a £450 Hewlett Packard 95LX; second, they left their fingerprints all over the packaging.

The HP 95LX is worth stealing. This whizzy little machine, just small enough to pop into a suit pocket and weighing in at 300g, is a justified best-seller in the US palm-top market.

Designed as a desk-top peripheral rather than a replacement, the computer is aimed fairly and squarely at the 15m-odd users of Lotus 1-2-3. The program arrives pre-loaded in the machine and can be used by pushing a button.

The idea is that executives can put their spreadsheets into the HP 95, carry the machine off in their pockets and then play with Lotus 1-2-3 while on the move or in other bored moments.

The spreadsheets, or other data, can be up-loaded or down-loaded using a connection program (an additional £68), or a clever infra-red device contained in the machine. This transmits data without any contact with the personal computer. The device can also be used for remotely transmitting documents to printers or other HP 95s.

Also included is a calculator, diary, address book and memo pad. Access to these can be gained, thankfully, without using a single Dos code.

Most of these programs can be run simultaneously, thanks to the 512k random access memory.

Other programs can be run by using integrated circuit cards, which have a memory of 2mb.

Some built-in programs could prove useful. The currency conversion program in the calculator was nifty and impressive, as was a depressing little program called "time value money" which all too quickly told me how much more my mortgage would cost when the building societies put up interest rates. The numeric keys are handily laid out, as in a calculator.

The machine is not designed for word-processing, however. This is recognised by Hewlett Packard, which calls the writing package "Memo Editor".

Although the keyboard is laid-out in Qwerty configuration, it's far too small to use for touch-typing. Even for hunt and pecking non-typists, it's pretty tiny.

The size of the keyboard raises questions about data entry. The telephone/address book program is all very impressive, but the idea of having to enter all the numbers from my personal organiser is horrific. I was bored after entering three. What is required is a flight to Japan accompanied by chronic insomnia, or an electronic method of down-loading from your PC. Such a program can be bought, according to Hewlett Packard, but was not available for testing.

There are one or two other gripes. On a couple of occasions I found myself stranded in applications without any means of exiting them.

The instruction manual is pretty useless. Weighing in at more than three times the weight of the computer, it is mostly unintelligible.

Even the separate "quick start guide" is unnerving: on the second page of the introduction to the calculator is the heading "If you are a fan of Reverse Polish Notation". The built-in help function was cumbersome.

These complaints aside, the HP 95LX is an impressive machine. Those lucky enough to receive one for Christmas will find it's good enough not to be one of those presents used for a couple of weeks and then abandoned in a desk drawer.

Now, if only modern technology could track those burglars . . .

COMMODITIES AND AGRICULTURE

No room at the inn for LME metal deliveries

By **Kenneth Gooding**, Mining Correspondent

THE LONDON Metal Exchange, the world's main terminal market for physical metal, is having considerable difficulty finding enough storage space in its authorised warehouses. Metal is flooding in because of the recession still gripping much of the industrialised world.

The exchange has warned clients not to ship metal before checking that warehouse companies have enough capacity and the warehouse companies have been told that they must only accept metal when they have the capacity for proper storage.

The biggest problem has been caused by Soviet aluminium exports, widely estimated to reach 1m tonnes this year, which have had a knock-on effect at the LME. This unprecedented influx of aluminium has boosted LME stocks to nearly 1m tonnes so far and caused the exchange recently to change its regulations and give approval for some metal to be stored outside its covered warehouses.

Dealers estimate that up to 300,000 tonnes of aluminium is now stored outside but the exchange was unable to confirm this.

Warehouse companies have been given detailed instructions on how the aluminium must be stored if it is in the open and all the outside sites are inspected by LME staff to ensure there is adequate security.

"We are getting round the problem for the time being. We won't run out of space in the near term," said Mr Brian Dorkings, the member of the LME secretariat responsible for warehousing.

He said LME warehouses were looking for more outside storage areas for aluminium. The exchange had also received many approaches from listed warehouses wanting to have more space authorised for storing LME metal and from new warehouses seeking LME listing. This involved an unprecedented amount of extra travel by LME staff, "but we are coping."

Venezuelan alumina expansion completed

By **Joe Mann** in Caracas

INTERALUMINA, Venezuela's sole producer of alumina (aluminium oxide), has completed a US$350m expansion programme that has raised installed production capacity from 1.3m tonnes a year to 2m tonnes a year, Mr Raul Nunez, according to the company's president.

The Venezuelan government holds 98.7 per cent of Interalumina's equity through its heavy industry subsidiary, the CVG (Corporacion Venezolana de Guayana), while Alusuisse has 1.3 per cent.

Interalumina production this year will total about 1.5m tonnes, up from 1.4m tonnes in 1990. The output level for 1992 will depend on demand, Mr Nunez said. "We want to optimise our income, but at the same time do not want to depress the international market." The company this year sold about 90 per cent of its production to Venezuela's two aluminium smelters, Venalum and Alcasa, and exported the remainder. Since it first began operations in 1983, the plant has produced above its installed capacity.

In spite of the depressed situation of the world aluminium market, Interalumina will earn a profit this year, Mr Nunez said. In 1990, the company reported a net profit of about $23.4m on sales of $300m.

Now that the current expansion plan has been successfully completed, the partners will consider the addition of a third production line to Interalumina's Ciudad Guayana plant, which would raise installed capacity to 3m tonnes a year.

Jamaica seeks bauxite markets

JAMAICA IS seeking alternative markets for 1m tonnes of bauxite which it should be sending each year to what was the Soviet Union, writes Canute James

Mr Carlton Davis, executive chairman of the Jamaica Bauxite Institute, said Jamaica would not unilaterally cancel the contract, which was to run for five years to 1995. The contract was agreed with Raznoimport, a trading arm of the Soviet government, but the ore was being processed in a refinery in the Ukraine, which is now independent. "An outright cancellation of the Soviet contract is not being considered at the moment," said Mr Davis.

Savouring the flavour of Christmas past

David Richardson explains why he prefers to have a really traditional turkey on his festive board

HALF-PAINTED cardboard trees leant against the wall of the traditional red-brick barn; scenery destined for the pantomime to be staged in three weeks by the Wymondham, (pronounced Wyndham) Young Farmers' Club in Norfolk. Beside them stood several brooders, small wooden structures like kennels on legs, used for rearing turkey chicks. The subject of my visit, my Christmas dinner, had spent a few weeks in one of them last May or June.

The young man I had come to do business with will be playing a village idiot in the forthcoming panto. He has become typecast in such roles for the last few years because he is a natural comedian. Like most comedians, however, he is far from being an idiot.

James Graham's family has been associated with turkeys for more than 100 years and although its business has been threatened in recent years by competition from mass production and by European Community legislation, it now appears to be thriving again.

The turkeys Mr Graham produces are Norfolk Blacks. Like his grandfather before him, he prefers the old-time breed to modern white hybrids, which may have bigger breasts but also have less flavour. He has no illusions about recapturing the bulk trade from Bernard "Mr Bootiful" Matthews, but without expensive advertising he claims to be supplying ever-increasing numbers of discriminating individual consumers at premium prices.

This year he has orders for all of the 1,000 or so birds he has reared and he plans to increase production by 25 per cent next year. This optimism is based, he says, on a regular stream of telephone calls from people inquiring

about how the birds are kept and what they are fed. He believes he can satisfy them that his methods are welfare friendly and that the feed he uses is wholesome and risk free.

He admits, however, that this year he succumbed to the temptation to use some US soyabean meal as a source of protein because it was cheap. The result, he says, is that the flesh of some of his birds is not as white as he would like. Next year he will stick to UK horse beans mixed with home-grown cereals.

But his rearing and finishing methods are the same as those used by his late grandfather, Frank Peele, as I can confirm, having bought Christmas turkeys from the same farm since the 1950s. The birds are kept in open fronted, strawed yards with perches enough for them all to sleep on at night.

I well remember the old man telling me that "turkeys are game birds and like all game birds they like to perch at night". He would also talk of the history of the different breeds of turkey and how they had been introduced to this country in the 16th Century from the North America via Spain.

Long before that time the ancestors of our Christmas dinners and American Thanksgiving feasts provided meat, head-dress feathers and arrow flights for American Indians. Undomesticated descendants of those birds still run wild across several US states and are capable of flying as far as a mile at up to 55m per hour when alarmed.

The natural colours of those original strains varied from black to bronze and gold with flashes of white in their tall feathers.

They also, of course, had the characteristic red wattle and fleshy dewlap on their heads. From those beginnings "improved" bigger-breasted breeds were developed in North America and in Europe (especially in Norfolk) until, in the UK, these became concentrated into two main types, the Bronze and the Norfolk Black.

It was not until the 1950s that white hybrid strains were bred by crossing and recrossing black turkeys until they produced what is known in geneticists' circles as a "sport" or albino freak. The reason this was perceived to be necessary was to avoid the unsightly stumps of feathers, a few of which are inevitably left in the flesh of the darker feathered birds, and so enable laborious plucking to be mechanised.

Once white strains had been produced most subsequent development was concentrated on them to the point that their breasts became so enlarged that stag, or male turkeys, were unable to reproduce naturally and artificial insemination was introduced. Such is the price the turkey pays for the general preference for white meat.

But old Frank Peele would have none of it. "There's no flavour in these modern turkeys" he would say. "How can there be when they are killed, plucked and eviscerated within a few minutes and then stored in a deep freeze for months? A turkey is a game bird," he would remind me, "and game birds need to be hung to get the best flavour."

James Graham, his grandson, follows the old man's methods faithfully. The barn in which his gang of temporary student labourers works is laid out exactly as it was 50 years ago. He starts killing and plucking in the second week of December but then leaves the whole carcass to hang for a minimum of 7 days before beginning to eviscerate it.

A year ago it seemed that European Community regulations might soon outlaw this traditional method of preparing Christmas turkeys: that for supposed reasons of human health and hygiene all turkeys, indeed all meat poultry, would after January 1993 have to be processed immediately after slaughter.

As a satisfied consumer of such birds for many years I am delighted that new draft rules from the EC now appear set to give exemption to British poultry farmers who hang their birds in the old fashioned way. I do hope so and I am even prepared to pay more for tomorrow's dinner to help people like Mr Graham to stay in business.

My 21 pounder cost me £1.40 a lb when I collected it from his farm over the weekend. Had I bought a similar weight butter-basted bird in a local supermarket, I could probably have saved 30 per cent on the deal.

But I would not have had the added pleasure of visiting the farm where it was reared nor the extra flavour I believe hung birds contain. Rightly or wrongly my family and I will enjoy the meal more because of what it is and where it came from.

After all, Christmas comes but once a year and there is nothing wrong with a bit of make-believe occasionally. In a few weeks time, for instance, I may briefly believe that James Graham is an idiot!

The sweet smell of holy smoke

Oman is trying to revive its frankincense trade, writes **Andi Spicer**

WHEN FRANKINCENSE was given, along with gold and myrrh, to the infant Jesus by the three wise men it was indeed a valuable present – among the most prized commodities of ancient times and out of reach of all but religious men, kings and queens and the wealthy, who used it in religious ceremonies and on special occasions.

The gum from a gnarled and angular desert shrub called *Boswellia Carterii*, it was once the major trading commodity in the southern part of the Arabian Peninsula, and the basis for the economy of the now oil-rich and isolated southern Dhofar region of Oman. Now the Omani government is aiming to revive its production and marketing as part of a plan to reduce its economic dependence on oil production.

There are more than 20 subspecies of frankincense trees but only one grows in Oman and Dhofar is the only area on the Arabian Peninsula where it grows naturally. India, Pakistan, Ethiopia and Somalia also have small quantities.

The Dhofar region produces 6,000 to 7,000 tonnes a year collected by 3,000 labourers. But, according to government officials, much more is produced and "spirited across the border" to be sold in Dubai. Each tree has an average yield of 10 kg, although some can yield twice as much.

"We have tried to grow the trees in plantations but it was unsuccessful," says Ahmed Shariff Al-Bakry, director of sales and marketing of the Omani Public Authority for Marketing Agricultural Produce, "the best trees grow wild in the desert." The main problem is the cost and scarcity of labour in Dhofar.

But the trade is on the point of a large expansion because Oman's ruler, Sultan Qaboos, has included frankincense production as part of Oman's development programme, which aims to "improve traditional agriculture". The authority is looking at new domestic and export markets and is seeking to open the old frankincense route to the west.

The gum has several different uses. It is principally a base for incense and perfume, but it also has pharmaceutical properties and is used in traditional medicines to treat stomach, lung and kidney complaints. The poorest grade is used to make cosmetics, including eye shadow. Indeed, Anita Roddick has been in Oman collecting samples for possible use in Body Shop products.

"The cosmetics are marketed in Arabia as a natural product and are not harmful to the eyes. But there are markets opening in newly emerging eastern Europe, which was a large buyer of frankincense-based incense before World War II. The re-emergence of the Catholic church in those countries will boost trade," says Mr Al-Bakry. He also argues that, although synthetic and low-cost frankincense oil is used widely in perfumes, it is no substitute for high-quality natural oil which Omanis are beginning to produce. The oils are natural and hold their power longer, he says.

The frankincense tree grows as high as 3 metres and, like many desert plants, retains moisture and can withstand drought. The frankincense is harvested in a similar way to rubber. A nick is made in the bark and the gum oozes out over a period of 10 to 15 days. The hardened gum is then collected and dried.

Dhofar is ideal for growing frankincense trees. The south-westerly monsoon brings fog, mist and rain – 13 to 38 centimetres during the summer. The region's soil has a high lime content and a high relative humidity and temperature, especially between April and October.

There are three grades of frankincense. The premium quality is al-Hojari, grown in the eastern region, followed by Najdi grown in northern Dhofar's central highlands – the Najd. Al-Sharzi comes from the western part of the Najd, and, lastly, al-Shaabi, from the coastal plain and rainy areas. The further the tree is from rainy and coastal areas, the better the quality and quantity of frankincense. The drier and salty air of the coast makes the resin darker – quality is judged by purity and the lightness of its golden colour. The marketing authority is striving to improving its quality control.

The gum oozes out of a nick made in the bark

Frankincense was the most important commercial link between Oman and Europe, as well as Oman and the Arab world. But India was the largest market for Omani frankincense. The trade reached its peak between 1840 and 1930 when shipments arrived twice yearly, in March and September. Most was shipped to Bombay and then sold on to other consuming countries. But after the World War II trade fell away and synthetic oils took the lead. The revitalisation of frankincense production will bring Oman back to its roots with a product that is still associated with the world's three great monotheistic religions.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices drifted downwards on the LME yesterday, with little in the way of news to influence sentiment. Dealers said interest was winding down ahead of the long Christmas holiday. The price of three-month metal remained well above the $2,170-a-tonne support level, although sterling prices were easier on the strength of the currency against the dollar. Comex copper prices were lower at midday in a market described by one analyst as "dead as a door nail". The strength in the British pound tempered early weakness and prevented downside follow-through selling, he said. But the market had an overall weak tone which was somewhat influenced by the disappointing decline in US personal income. The currency factor held aluminium steady on the LME, but the weaker dollar failed to stimulate much fresh buying interest as many market users were absent. LME three-month tin broke above $5,600 a tonne, touching off buy stops. The market was underpinned by news that Billiton's Dutch subsidiary will close its Arnhem plant at the end of the year. On the bullion market gold edged ahead on a combination of light early buying, short covering and covering of option positions expiring on Friday.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.45-4.50q	
Brent Blend (dated)	$17.55-7.65	
Brent Blend (Feb)	$17.50-7.55	-.025
W.T.I. (1 pm est)	$18.65-8.70q	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-199	
Gas Oil	$169-171	-1
Heavy Fuel Oil	$67-69	-1
Naphtha	$185-187	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$359.55	+1.30
Silver (per troy oz)♣	391.00c	+8.75
Platinum (per troy oz)	$342.25	
Palladium (per troy oz)	$80.15	
Copper (US Producer)	102.7c	+1.2
Lead (US Producer)	37.2c	+0.2
Tin (Kuala Lumpur market)	14.73r	+0.04
Tin (New York)	258.0c	+1.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.97p	+5.11*
Sheep (dead weight)†	174.57p	+26.6*
Pigs (live weight)†	90.62p	-1.36*
London daily sugar (raw)	$231.5z	+2.3
London daily sugar (white)	$272.5z	+0.8
Tate and Lyle export price	£231.5	-1.0
Barley (English feed)	£125.5y	
Maize (US No. 3 yellow)	£147.5y	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	47.75p	-0.50
Rubber (Mar)♥	48.00p	-0.50
Rubber (KL RSS No 1 Jan)	212.0m	-2.0
Coconut oil (Philippines)§	$535z	
Palm Oil (Malaysian)§	Unq.	
Copra (Philippines)§	$420t	
Soyabeans (US)	£146.5	-1.0
Cotton "A" index	61.35c	-0.05
Wooltops (64s Super)	415p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/Mar y-Jan z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	194.60	194.80	196.00	194.20
May	193.00	193.20	192.20	
Aug	193.00	196.00	193.80	
White	Close	Previous	High/Low	
Mar	273.6	273.8	276.0	273.5
May	274.8	274.3	276.0	274.8
Aug	279.2	278.7	280.9	278.5
Oct	261.2	261.2	262.9	261.1
Mar	262.7	261.2	263.8	261.9
May	263.7	261.2	264.8	

Turnover: Raw 285 (371)lots of 50 tonnes. White 307 (433)
Paris- White (FFr per tonne): Mar 1451.25, May 1463.39

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Feb	17.66	17.40	17.68	17.30
Mar	17.63	17.44	17.63	17.32
Apr	17.59	17.40	17.59	17.38
May	17.46	17.38	17.50	17.38
Jun	17.51	17.38	17.51	
Jul	17.45		17.45	
Aug	17.60			
IPE Index	17.82	18.06		

Turnover 12041 (16178)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	165.75	166.50	166.50	163.25
Feb	167.50	168.25	167.75	166.00
Mar	166.25	166.75	166.50	164.00
Apr	163.75	165.00	164.00	162.75
May	162.25	163.25	162.25	
Jun	162.00	163.25	163.60	162.00
Jul	164.25	165.25	164.50	163.75

Turnover 10513 (12531) lots of 100 tonnes

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	737	738	730	728
Mar	766	765	767	762
May	790	791	791	786
Jul	815	816	816	811
Sep	838	838	837	835
Dec	867	868	868	867
Mar	895	896	895	894
May	910		913	
Jul	926		927	
Sep	940	940	940	

Turnover: 3082 (5507) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.20 976.04 (993.87) 10 day average for Dec.23 978.16 (977.78)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	998	997	1001	991
Mar	1003	999	1004	999
May	1010	1005	1008	1007
Jul	1018	1014	1017	1015
Sep	1033	1028	1030	

Turnover: 361 (1089) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.20: Comp. daily 61.73 (61.60) 15 day average 63.50 (63.74)
Sterling close: January £540 , March £ 548

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	120.0	115.0	116.7	
Apr	122.5	117.9	122.9	118.0
May	142.0	138.0	140.0	

Turnover 253 (152) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	121.50	122.00	121.50	
Jun	116.00		116.00	

Turnover 11 (33) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1538	1548	1545	1535
Feb	1560		1550	
Apr	1569	1572	1565	1555
BFI	1500	1509	1500	

Turnover 104 (105)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	125.70	125.40	125.70	125.40
Mar	129.15	128.85	129.15	128.95
May	132.60	132.35	132.60	132.45
Jun	134.20	111.50	134.05	
Barley	Close	Previous	High/Low	
Jan	119.00	118.50	119.00	118.40
Mar	122.35	122.10	122.35	122.25

Turnover: Wheat 142 (442), Barley 64 (67).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Jan	106.0	105.5	106.6

Turnover: 1 (32) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	130.05	129.16			

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,369 lots
Cash	1111.5-2.5	1109.5-10.5		1109.5-10		
3 months	1134.5-5	1133-34	1137/1132	1132-2.5	1134.5-5	127,821 lots
Copper, Grade A (£ per tonne)						Total daily turnover 14,941 lots
Cash	1149-51	1158.5-9.5	1151	1148-9		
3 months	1177-8	1193.5-94.0	1190/1176	1175-6.5	1177-8	102,157 lots
Lead (£ per tonne)						Total daily turnover 2,676 lots
Cash	289.5-90.5	283.5-4.5		286.5-7		
3 months	300-1	295-96	301/295	298-8.5	300.5-1	15,320 lots
Nickel ($ per tonne)						Total daily turnover 2,877 lots
Cash	7185-95	7150-60		7195-200		
3 months	7230-5	7190-5	7250/7220	7245-50	7235-40	19,360 lots
Tin ($ per tonne)						Total daily turnover 992 lots
Cash	5545-50	5525-35		5523-33		
3 months	5600-5	5580-90	5625/5570	5585-90	5627-30	4,783 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,837 lots
Cash	1170-4	1172-74	1168	1167.5-8		
3 months	1114-5	1115-6	1115/1110	1110-2	1113-4	40,579 lots

LME Closing £/$ rate: SPOT: 1.8756 3 months: 1.8493 6 months: 1.8198 9 months: 1.7928

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	359.30-359.80	
Opening	359.40-359.80	
Morning fix	359.20	191.929
Afternoon fix	359.65	191.558
Day's high	359.80-360.10	
Day's low	358.70-359.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.74	6 months	3.45
2 months	3.75	12 months	3.39
3 months	3.67		

Silver fix	p/fine oz	US cts equiv
Spot	207.30	389.00
3 months	212.95	393.10
6 months	218.65	397.10
12 months	229.60	405.10

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	359.50-360.50	191.50-192.00
Maple leaf	370.00-371.00	197.25-197.75
New Sovereign	87.50-88.50	46.50-47.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1000	134	158	2	5
1100	52	82	19	27
1200	11	33	78	76
Copper (Grade A)	Calls		Puts	
2100	97	109	17	40
2200	39	57	58	85
2300	11	26	129	153
Coffee	Mar		Mar	
500	54		6	
550	22		24	
600	7		59	
Cocoa	Mar	May	Mar	May
750	160	69	39	28
775	164	58	45	38
800	148	41	54	51
Brent Crude	Feb	Mar	Feb	Mar
1700	80			
1750			67	
1800			95	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Dec	359.3	358.6	360.2	359.3
Jan	359.8	359.1	0	0
Feb	361.0	360.3	362.7	360.7
Apr	363.2	362.5	364.8	362.8
Jun	365.3	364.6	366.2	365.0
Aug	367.8	366.9	367.9	367.7
Oct	369.6	369.0	0	0
Dec	371.8	371.2	372.2	372.0
Feb	374.1	373.6	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Dec	339.1	338.1	0	0
Jan	340.6	339.8	341.5	339.5
Apr	343.1	343.3	344.5	342.5
Jul	345.1	345.3	345.5	345.2
Oct	350.9	351.1	352.0	351.8
Jan	352.3	352.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Dec	389.9	383.9	389.0	386.5
Jan	390.2	384.5	389.0	387.0
Feb	391.9	386.2	0	0
Mar	393.5	387.8	394.5	388.0
May	396.9	391.1	396.5	391.0
Jul	400.1	394.2	401.0	396.0
Sep	403.3	397.4	0	0
Dec	408.3	402.4	409.0	406.0
Jan	410.1	404.2	0	0
Mar	413.9	407.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	97.40	96.80	97.60	95.30
Jan	97.70	96.90	97.60	96.60
Feb	97.80	96.95	97.80	96.50
Mar	97.80	96.95	98.10	96.20
Apr	97.65	96.90	0	0
May	97.45	96.75	97.70	96.30
Jun	97.40	96.65	96.40	95.40
Jul	97.30	96.60	97.20	96.50
Aug	97.25	96.55	0	0
Sep	97.20	96.50	96.40	96.40

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	58.94	61.80	59.22	58.66
May	60.43	63.95	60.68	60.35
Jul	61.60	64.15	61.80	61.60
Oct	63.85	65.37	64.15	63.85
Dec	64.08	65.97	64.25	64.05

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Feb	18.78	18.52	18.85	18.30
Mar	18.80	18.57	18.84	18.41
Apr	18.90	18.66	18.95	18.50
May	18.95	18.71	18.96	18.60
Jun	19.00	18.76	18.90	18.67
Jul	19.06	18.81	18.95	18.73
Aug	19.10	18.86	19.02	18.78
Sep	19.15	18.91	19.05	18.85
Oct	19.20	18.96	19.10	18.94
Nov	19.25	19.01	19.15	19.00

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Jan	5184	5108	5230	5050
Feb	5332	5263	5375	5220
Mar	5377	5334	5395	5280
Apr	5300	5260	5310	5215
May	5186	5127	5205	5130
Jun	5160	5100	5180	5100
Jul	5145	5095	5190	5092
Aug	5226	5175	5270	5265
Sep	5360	5300	5405	5380
Oct	5445	5400	5520	5430

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1313	1298	1318	1301
May	1351	1334	1351	1341
Jul	1382	1369	1382	1370
Sep	1411	1401	1412	1401
Dec	1438	1428	1438	1435
Mar	1475	1462	1470	1470
May	1497	1484	0	0
Jul	1519	1506	0	0
Sep	1540	1527	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	78.40	78.00	78.65	77.85
May	81.30	80.65	81.45	80.50
Jul	84.00	83.20	84.10	83.15
Sep	86.55	85.75	86.65	86.20
Dec	90.10	88.75	0	0
Mar	92.75	92.40	92.75	92.40
May	94.95	94.65	95.00	94.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.91	8.88	8.99	8.84
May	8.76	8.74	8.90	8.73
Jul	8.67	8.72	8.82	8.67
Oct	8.56	8.60	8.70	8.56
Mar	8.65	8.60	8.68	8.64
May	8.60	8.60	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	156.20	160.10	159.50	156.80
Mar	158.20	162.00	161.60	157.80
May	158.60	162.60	162.00	158.60
Jul	159.70	162.50	162.00	159.00
Sep	158.95	159.50	159.00	159.00
Nov	146.25	150.00	147.50	147.50
Jan	144.15	147.50	146.00	146.00
Mar	144.15	147.50	0	0
May	144.15	147.50	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Dec.23	Dec.20	mnth ago	yr ago
	1590.1	1587.0	1623.4	-
DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.20	Dec.19	mnth ago	yr ago
Spot	111.65	112.84	114.83	129.97
Futures	119.28	119.19	122.46	126.51

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	563/6	556/6	564/4	555/6
Mar	569/0	560/4	569/4	559/0
May	574/2	566/4	574/6	565/4
Jul	582/6	574/2	583/0	573/2
Aug	585/2	576/6	586/4	577/4
Sep	585/0	577/0	585/0	581/0
Nov	590/0	581/4	590/4	580/2

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	19.44	18.99	19.49	18.90
Mar	19.76	19.32	19.80	19.22
May	20.22	19.61	20.25	19.55
Jul	20.62	19.85	20.65	19.85
Aug	20.80	20.05	20.80	20.08
Sep	20.85	20.12	20.85	20.25
Oct	20.92	20.17	0	0
Dec	21.25	20.50	21.25	20.55

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	175.4	173.8	176.0	173.7
Mar	173.4	171.7	174.3	171.7
May	173.0	171.7	173.7	171.8
Jul	174.4	172.6	174.7	172.7
Aug	175.4	173.8	175.5	174.3
Sep	175.3	174.0	175.5	173.7
Oct	187.2	185.6	187.8	186.0
Dec	189.0	187.0	189.0	187.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	251/2	251/2	251/4	249/2
Mar	254/6	253/6	255/0	253/0
May	260/4	259/4	261/0	258/4
Jul	264/6	263/6	265/0	263/0
Sep	260/0	260/0	260/4	259/4
Dec	256/0	255/6	256/4	255/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	406/6	403/0	407/0	400/4
Mar	398/4	390/4	400/0	390/4
May	372/2	367/2	378/0	367/2
Jul	338/4	336/2	340/0	333/6
Sep	342/0	341/2	343/0	336/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	67.80	67.60	67.90	67.20
Feb	69.57	69.37	69.95	69.10
Apr	71.35	70.72	71.55	70.55
Jun	68.15	67.65	68.30	67.52
Aug	66.43	66.27	66.65	66.20
Oct	66.90	66.62	66.90	66.36

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	43.00	42.62	43.10	42.75
Feb	40.87	41.17	41.10	40.77
Apr	38.77	38.77	38.80	38.57
Jun	43.92	44.02	44.05	43.85
Jul	44.22	44.37	44.45	44.15
Aug	43.20	43.32	43.32	43.30
Oct	40.65	40.65	40.67	40.60

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36.65	36.75	37.40	36.60
Mar	37.05	37.22	37.80	37.00
May	38.25	38.60	38.65	38.15
Jul	38.65	38.85	38.95	38.62
Aug	38.40	38.70	38.45	38.05

LONDON STOCK EXCHANGE

Technical recovery cuts early losses

By Terry Byland, UK Stock Market Editor

SHARE prices struggled to keep their feet in London yesterday against a background of rising interest rates throughout Europe and increasingly negative forecasts for the domestic corporate sector from analysts in the City of London. However, after falling 31 points in early trading, the FT-SE Index later halved its loss as technical factors, including the closing of overnight tax-orientated deals, came to the aid of the UK market.

Equities opened slowly as London's commuter network was again thrown into chaos by terrorist bomb incidents. However, once City dealing desks were fully manned, it was clear that the institutions were more active than had been anticipated. The completion of tax-related transactions which had been started on Friday night boosted trading volume.

Account Dealing Dates			
*First Dealings:	Dec 9	Dec 30	Jan 13
Option Declarations:	Dec 23	Jan 9	Jan 23
Last Dealings:	Dec 27	Jan 10	Jan 24
Account Day:	Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 8.30 am two business days earlier.

Seaq turnover totalled 626.8m shares, against 724.5m in the previous trading session. Stock index futures, however, played a relatively minor role as the December contract on the Footsie, which expires on New Year's Eve, remained close to the underlying index.

Investment sentiment in London was depressed as France and Spain followed Italy in responding to the Bundesbank's move to higher interest rates. However, although money market rates in London continued to signal pressures for higher UK rates, a steady performance by the pound relieved some of the immediate tensions in the stock market.

Helped also by a firm opening to the new Wall Street session, where the Dow was 10 points up in UK hours, the FT-SE Index closed only 12.7 down at 2,345.4. The low point of the day, at 2,327.0, came soon after 9.00am and represented a challenge to another testing level for the market.

Traders appeared to put little faith in the market's rally during yesterday's session. The successive increases in interest rates elsewhere in Europe seemed to leave the UK with little hope of avoiding following suit. Any increase in UK base rates would increase political pressures on Britain's Conservative government, and significantly raise the chances of the Labour opposition party winning the general election to be held next year.

London-based and US brokerage firms continued to downgrade London stocks across a wide range of the market. The retail sector, having attracted bearish press comment last weekend, gave further ground as the stores moved into the most crucial trading days of the year.

The setback among retailers was fuelled by the downgrading of the long-term debt of J. Sainsbury, one of the UK's leading food supermarkets, by Standard & Poor's, which also placed Boots, another high street retailer, on its creditwatch list.

International blue chips were nervous as traders watched to see how sterling would react to the pressures from other ERM currencies, but losses in ICI, Glaxo and Fisons were limited to a few pence.

Growing concern over the US economy and the outlook for oil prices brought a sharp fall in British Petroleum, and some other oil issues showed weakness. RTZ continued to slide on bearish views of base metal prices. Among the bid stocks, Racal gave ground as the £781.5m takeover bid from Williams Holdings was allowed to lapse.

FINANCIAL TIMES STOCK INDICES

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.54	86.92	87.10	87.28	87.22	82.24	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.91	97.27	97.37	97.47	97.48	90.90	97.49 (16/12)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1781.4	1791.8	1814.7	1833.7	1846.2	1678.9	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	141.9	143.5	148.3	145.6	147.5	151.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2345.4	2358.1	2391.6	2413.6	2432.9	2156.3	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1071.77	1076.75	1089.45	1101.95	1105.06	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.15	5.12	5.05	5.01	4.99	5.72				
●Earning Yld %(full)	7.74	7.70	7.60	7.53	7.50	11.93				
●P/E Ratio(Net)(☆)	16.21	16.31	16.53	16.66	16.75	10.12				
SEAQ Bargns 4.45pm	22,215	24,056	24,557	22,133	21,911	22,425				
Equity Turnover(£m)†	-	1187.58	1871.53	1583.09	1012.62	243.36				
Equity Bargains†	-	22,872	23,243	21,486	20,562	21,921				
Shares Traded (ml)†	-	564.0	806.6	697.9	620.2	120.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.30.

Ordinary Share Index, Hourly changes — Day's High 1789.3 — Day's Low 1769.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1789.0	1771.1	1769.8	1770.8	1773.2	1773.5	1773.8	1776.0	1779.4

FT-SE 100, Hourly changes — Day's High 2353.0 — Day's Low 2327.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2353.0	2329.8	2328.0	2330.8	2333.6	2334.3	2334.8	2337.7	2343.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1071.87 — Day's Low 1065.82

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1066.67	1067.18	1067.85	1071.21	1070.94	1070.67	1071.71

GILT EDGED ACTIVITY

Indices*	Dec 20	Dec 19
Gilt Edged Bargains	73.4	75.3
5 – Day average	77.5	81.1

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Oil price worry hits BP

THE TUMBLING price of oil and recent cuts in analysts' forecasts prompted weakness in British Petroleum. Although the leading oil companies have often proved attractive as defensive stocks when other equities are weak, shares in BP, having fallen by 12 on Friday, lost a further 10 in early dealings yesterday before rallying to end 3 off on the day at 276p. Over the past two sessions 28m BP shares have been traded, 12m changing hands yesterday.

The price of North Sea Brent crude for February delivery wallowed around the $17.50 a barrel level. Hoare Govett oil analyst Mr Nick Antill said many brokers were assuming that Brent crude oil prices would average about $21 a barrel in 1991 and $22 in 1992 but he would probably drop his 1992 forecast to between $19 and $21.

Christie deal

Auctioneer Christie International was the most heavily traded stock yesterday after ADT, the security and car auction company, placed its entire Christie stake of around 41.5m shares. The shares were sold to institutions at 110p apiece by broker Smith New Court.

Christie, which announced that 38m of the shares were bought by investment group Mercury Asset Management, rose 8 to 135p. ADT gained 12 to 330p. Following the sale, Mercury controls 27.24 per cent of Christie.

Northern Foods up

Food manufacturer Northern Foods rose sharply in early trading as one securities house found itself short of stock and prices were marked up elsewhere. Some analysts said there was also speculation that the Office of Fair Trading would today approve Northern's bid for the Eden Vale and Express Dairy units of Grand Metropolitan, down 5 at 843p.

Northern closed 10 better on the day at 566p after being 15 up at one stage. Turnover, in what is traditionally a tightly traded stock, was just under 1m shares.

Supermarket chain J. Sainsbury held firm in spite of news that its long-term debt rating had been cut by Standard & Poor's. The shares put on 2 to 354p.

However, with the market already jittery over the sector, other retailers were less fortunate. Boots declined 7 to 418p and Kingfisher, subject to a downgrade in profits forecasts by US investment bank Morgan Stanley, fell 11 to 457p.

Supermarkets group William Morrison saw unusually heavy turnover after Hoare Govett placed the rump of the rights issue at 236p. The issue, which was 91 per cent taken up, was priced at 230p and the shares closed unchanged at 249p.

Industrial and construction materials company ECC weakened 15 to 448p on weekend press speculation that it had discussed a possible friendly bid for Steetley to counter the existing hostile approach from Redland. Steetley, which made a statement yesterday that neither confirmed nor denied this report, gained a penny to 336p. Redland firmed 4 to 420p.

Taylor Woodrow was 5 higher at 118p after the company said it would recommend a maintained total dividend of 9.5p per share for 1991.

An announcement from the water regulator Ofwat that South West Water could increase its charges over the next three years lifted the shares 14 to 324p.

British Telecom "new" continued to trade heavily as shares from the recent sale of government stock moved through the market. The "new" had turnover of 23m and closed firm. The "old" eased a shade to 322½p on 2.2m.

Downgradings of profit forecasts for composite insurers continued yesterday following the warning from Sun Alliance of greater losses than expected. Sun, 6 off at 266p yesterday, announced on Friday that it expected to lose £320m from the mortgage guarantee side of its business.

Specialty chemicals group Laporte slipped 10 to 577p as analysts cut forecasts for 1992.

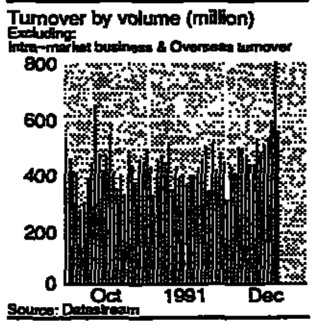
MARKET REPORTERS:
Peter John.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 14.

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (7).
OTHER FIXED INTEREST (1) GLC 6¾pc '90-92, ELECTRONICS (1) Radamec, HEALTH & HOUSEHOLD (1) Elan, INSURANCE COMPOSITE (1) FBD, OIL & GAS (1) Evergreen Res., TELEPHONE NETWORKS (1) Telefonica, TRANSPORT (1) Brit. Airways 6¾pc Cv.,
NEW LOWS (131).
BRITISH FUNDS (3) Ex. 13½pc 1992, Tr. 14½pc 1994, Tr. 8½pc 2007 A, AMERICANS (7) Chrysler, Citicorp, Pennzoil, Sun Inc., Tenneco, Texas Instr., Woolworth, CANADIANS (2) Breakwater Res., TVX Gold Inc., BANKS (1) Royal Bk. of Scot., BREWERS & DISTILLERS (2) Kirkin, Whitbread A, BUILDING MATERIALS (7) BPB, Evered Bardon, Marshalls, Meyer, Tarmac, Travis Perkins, Ward, BUSINESS SERVICES (2) Auto. Security, Corporate Servs., CHEMICALS (3) Chemex, Croda, Montedison, CONGLOMERATES (4) Cannon St. Invs., Lonrho, Trafalgar Hse., Do. A, CONTRACTING & CONSTRUCTION (7) Lilley, Lovell (Y.J.), Mowlem (J), Prowting, Westbury, Wilson (C), Wimpey (G), ELECTRICALS (1) Oxford Instrs., ELECTRONICS (7) EIT, Norsk Data A, Northamber, P & P, Racal, Riva, Standard Platform, ENGINEERING GENERAL (2) Ransomes, Do. 5¼pc Pf., FOOD RETAILING (2) Ashley, Low (Wm), HOTELS & LEISURE (2) Principal Hts., Rank Org., INSURANCE BROKERS (2) Sedgwick, Sturge, INSURANCE COMPOSITE (4) GRE, Gen. Accident, Hafnia, Sun Alliance, INSURANCE LIFE (2) Legal & Gen., Lon. & Manchester, INVESTMENT TRUSTS (15) Contra-Cyclical Cap., Danae Cap., Drayton Recovery Prfd. Growth, Flmg. Emrg. Mkts., French Prop., Gartmore Scot., German Smllr., Murray Split Cap., Nth. Amer. Gas., RIT Cap., River & Merc. Wrrnts., River Plate Cap., Scot. Natl. Cap., TR Prop., Yeoman Inc., MEDIA (2) Thames TV, WPP, MERCHANT BANKS (1) Kleinwort Benson, MISCELLANEOUS (4) Christies, Fitzwilton, Nobo, Shanks & McEwan, MOTORS (2) European Mtr., Lucas Wrrnts., OIL & GAS (12) Aviva Petm., BP, Brabant Res., Burmah, Cairn Energy, Enterprise Oil, LASMO, Norsk Hydro, Premier Cons., Presidio Oil A, Richmond Oil, Triton Europe, OTHER FINANCIAL (5) First Natl. Fin., King & Shaxson, Turkey Tst. Wrrnts., Union Discount, OTHER INDUSTRIAL MATERIALS (4) Allied Partnership, Conroy Petm., Nokia Prf., Whitecroft, PACKAGING, PAPER & PRINTING (1) NMC, PROPERTY (13) Barlows, Brit. Land, Brit. Land (Jersey) 8½pc Cv. 2011, Derwent Valley, Dwyer, Greycoat, Gt. Portland, Hammerson A, Land Sec., MEPC, Speyhawk, Trencherwood, Wates City of Lon., TRANSPORT (2) All Nippon Airways, P & O 5¼pc Cv Prf., MINES (10) Buffels, Celtic Gold, Dominion, Glencar Expl., Hartebeest, Northgate Expl., Renison, Sons Gwalia, Southvaal, Winkelhaak.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	98	330	+12
ASDA Group	57,000	29½	
Abbey National	1,200	271	−1½
Albert Fisher	4,700	67	−2
Allied-Lyons	1,600	667	−7
Amstrad	2,300	23	−1
Anglian Water	1,500	330	−1
Argos	682	257	−1
Argyll Group	774	272	
Arjo Wiggins	1,100	231	−6
Ass. Brit. Foods	145	451	−1
BAA	3,300	519	−4
BAT Inds.	1,200	573	−8
BET	1,600	172	−1
BICC	680	309	−4
BOC	1,300	580	−8
BPB Inds.	216	121	−2
BTR	7,300	368	−1
Bank of Scotland	469	104	−2
Barclays	2,400	369	
Bass	559	980	−4
Berisford Int.	738	16	
Blue Circle	1,300	204	−2
Booker	16	438	
Boots	2,100	418	−7
Bowater	170	637	−6
Brit. Aerospace	891	310	−2
British Airways	3,600	212	+3
British Gas	5,100	248	+4
British Land	695	251	+3
BP	12,000	276	−3
British Steel	14,000	64½	+2
British Telecom	2,200	322½	−½
Br Telecom New	23,000	120¼	−1
Bunzl	601	80	−3
Burmah Castrol	680	465	+3
Burton	5,800	36	+½
Cable & Wire.	1,900	571	−2
Cadbury Schweppes	538	413	−3
Calor Group	131	212	−3
Carlton Comms.	203	453	−7
Coats Viyella	1,300	156	−4
Comm. Union	627	438	+3

	Volume 000's	Closing Price	Day's change
Cookson	548	98	−2
Courtaulds	1,200	446	−1
Dalgety	200	384	+5
De La Rue	11	467	
Dixons	2,700	179	−4
ECC Group	848	448	−15
Eastern Elect.	26	235	−3
East Midland Elect.	88	230	−2
Enterprise Oil	910	430	−11
Eurotunnel Units	183	357	−1
FKI	1,700	48	
Ferranti	1,400	6¼	
Fisons	2,000	319	−5
Forte	909	228	−2
Gen. Accident	307	420	
General Elect.	8,800	193½	−1½
Glaxo	2,000	777	
Glynwed Int.	216	201	
Granada	534	183	−4
Grand Met.	1,700	843	−5
GUS A	456	1357	+5
GRE	3,000	104	
GKN	833	275	−4
Guinness	1,800	495	−1
Hammerson 'A'	221	503	−2
Hanson	5,700	199	
Hanson Warrants	578	17	+1½
Harrisons Crosfield	1,000	103	−1
Hawker Sidd.	11	714	−2
Hillsdown	2,800	154	−3
IMI	154	214	−1
ICI	748	1119	−2
Inchcape	1,100	359	−8
Kingfisher	2,600	457	−11
Ladbroke	1,200	211	+2
Land Securities	254	447	+1
Laporte	147	577	−10
Legal & General	365	345	−4
Lloyds Abbey	153	347	+1
Lloyds Bank	985	389	−1
LASMO	2,700	218	−7
London Elect.	188	241	−3
Lonrho	1,000	149	−2

	Volume 000's	Closing Price	Day's change
Lucas	1,700	108	−1
MB Caradon	289	238	−4
MEPC	457	395	+4
Manweb	448	325	−2
Marks & Spencer	5,300	265	−6
Midland Bank	1,300	185	−2
Midlands Elect.	304	274	
NFC	311	217	−7
NatWest Bank	2,300	271	−3
National Power	8,600	137	−1½
Next	5,500	54	−2
North West Water	1,000	329	−7
Northern Elect.	28	261	−3
Northern Foods	911	566	+10
Norweb	65	279	−1
Pearson	205	680	−15
P & O	2,400	420	−5
Pilkington	681	118	−2
PowerGen	6,600	148	−1
Prudential	990	223	+4
RHM	1,200	242	+2
RMC	385	503	+3
RTZ	8,500	452	−12
Racal	8,600	46	−3
Rank Org.	114	549	−8
Reckitt & Colman	989	612	−1
Redland	384	420	+4
Reed Intl.	1,000	502	−7
Rentokil	489	356	−4½
Reuters	412	943	−6
Rolls Royce	3,800	123	−1
Rothmans	158	859	−8
Ryl Bk Scotland	1,200	146	−3
Royal Insurance	10,000	216	−2
Saatchi	1,300	11	−½
Sainsbury	991	354	+2
Scottish & New	328	404	
Scot. Hydro-Elect.	685	103	−1
Scottish Power	1,500	101	−1
Sears	691	85	−1
Sedgwick	305	195	−6
Seeboard	37	261	−5
Severn Trent Water	2,600	321	−5

	Volume 000's	Closing Price	Day's change
Shell Transport	3,600	472	
Siebe	316	484	−10
Slough Ests	119	227	
Smith (W.H.) A	448	439	−10
Smith & Nephew	2,400	135½	+½
SmKl Beecham	1,600	790	−4
SmKl Beecham Uts.	78	688	+20
Smiths Inds.	74	255	
Southern Elect.	314	264	−1
South Wales Elect.	128	293	+1
South West Water	1,500	324	+14
South West. Elect	20	244	−4
Southern Water	398	321	
Standard Chartd.	458	338	−4
Storehouse	1,500	86	−4
Sun Alliance	492	266	−6
T&N	259	105	−2
TI Group	131	505	−12
TSB	1,600	115	−2
Tarmac	6,900	97	−4
Tate & Lyle	1,500	392	+4
Taylor Woodrow	4,400	118	+5
Tesco	2,300	207	−2
Thames Water	3,900	329	−3
Thorn EMI	384	720	−8
Tomkins	950	398	−9
Trafalgar House	2,700	122	−2½
Ultramar	1,400	252	−7
Unigate	238	265	
Unilever	749	841	+1
United Biscuits	1,100	387	−3
Utd. Newspapers	570	314	−10
Vodafone	2,300	347	−8
Warburg (SG)	161	505	−6
Wellcome	734	940	−10
Welsh Water	68	345	−4
Wessex Water	277	387	−4
Whitbread 'A'	732	403	−3
Williams Hldgs.	2,300	280½	−8½
Willis Corroon	285	237	−6
Wimpey	223	112	−1
Yorkshire Elect.	148	307	−3
Yorkshire Water	442	356	−9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets in London saw relatively calm trade yesterday, encouraged by the resilience of the underlying equity sector in the face of the move to higher rates elsewhere in Europe and the fear that the UK could be obliged to follow suit.

In stock index futures, the December contract on the FT-SE, with barely four trading sessions left before expiry on December 31, remained close to a discount against cash throughout yesterday.

After the cash market had closed, December, taking its cue from firmness in New York equities, edged higher. However, traders said there was little substance behind this late improvement.

The danger that UK interest rates may have to be raised in line with other rates in Europe discouraged investors from increasing holdings of future contracts, which in part reflect the cost of carrying the stock.

In traded options, the stress was on the Euro FT-SE contract as traders reacted to the successive increases in rates across Europe. Overall volume in traded options fell to 24,278 contracts from Friday's 30,241. In the Euro FT-SE, 2,025 contracts were traded, while BP, its nearest rival, had turnover of 1,403 lots as the shares fell.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		[illegible]	—	101½	100¼	12.73	10.64
10pc 1992		[illegible]	—	[illegible]	[illegible]	10.02	10.60
2pc IL 1992‡‡		[illegible]	—	[illegible]	[illegible]	2.88	9.03
8pc 1992 ‡‡		[illegible]	—	[illegible]	[illegible]	8.07	10.62
10½pc Cv 1992‡‡		[illegible]	[illegible]	[illegible]	98½	10.61	10.66
3pc 1992		[illegible]	—	[illegible]	[illegible]	3.07	8.22
Exch 12¼pc 1992		101	[illegible]	[illegible]	[illegible]	12.13	10.64
13½pc 1992		102	[illegible]	[illegible]	102	13.24	10.55
Treas 8¼pc 1993		[illegible]	[illegible]	[illegible]	94	8.45	10.22
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	10.02	10.15
12½pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.10	10.18
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	6.30	9.02
Treas 13¾pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.97	10.19
8½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	8.75	10.03
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	13.30	10.17
Exch 13½pc 1994		[illegible]	[illegible]	108	[illegible]	12.65	10.14
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	10.02	10.05
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.87	10.16
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.22	9.97
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	11.44	10.11
Exch 3pc Gas 90-95		[illegible]	[illegible]	89	[illegible]	3.48	6.55
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	10.18	10.03
Treas 12¾pc 1995‡‡		108½	[illegible]	[illegible]	[illegible]	11.75	10.05
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	12.48	10.28
9pc 1992-96‡‡		98	[illegible]	[illegible]	[illegible]	9.18	9.60
15¼pc 1996‡‡		117½	[illegible]	[illegible]	[illegible]	13.01	10.24
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	108	11.97	10.17
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	9.98	9.95
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112¼xd	−⅜	[illegible]	[illegible]	11.82	10.15
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	97¼	10.28	9.95
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.19	9.85
Exch 15pc 1997		120¾	[illegible]	[illegible]	117	12.42	10.19
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	9.82	9.88
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	7.69	9.35
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	121¼	12.26	10.05

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Exch 12pc 1998		110	−½	[illegible]	[illegible]	10.81	9.95
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.59	9.70
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.87	9.95
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.18	9.86
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.04	9.85
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.36	9.65
Treas 13pc 2000		[illegible]	[illegible]	[illegible]	110½	11.11	10.00
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	9.85	9.72
14pc '98-01		[illegible]	[illegible]	[illegible]	[illegible]	11.88	10.13
9¾pc 2002		[illegible]	[illegible]	[illegible]	[illegible]	9.72	9.70
10pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	9.79	9.66
Treas 11½pc 2001-04		[illegible]	[illegible]	111	102	10.52	9.92
Funding 3½pc '99-04		[illegible]	[illegible]	[illegible]	[illegible]	5.70	8.70
Conversion 9½pc 2004		[illegible]	[illegible]	[illegible]	[illegible]	9.61	9.65
9½pc 2004 A		[illegible]	[illegible]	[illegible]	[illegible]	9.61	9.66
9½pc 2005		[illegible]	[illegible]	[illegible]	[illegible]	9.60	9.63
Treas 12½pc 2003-05		[illegible]	[illegible]	[illegible]	111	10.46	9.71
8pc 2002-06‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.16	9.62
Over Fifteen Years							
Treas 11¾pc 2003-07		[illegible]	[illegible]	[illegible]	[illegible]	10.24	9.72
8½pc 2007 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.26	9.52
8½pc 2007 A●		[illegible]	[illegible]	[illegible]	[illegible]	9.24	9.49
13½pc '04-08		[illegible]	[illegible]	[illegible]	[illegible]	10.84	9.71
9pc 2008 ‡‡		[illegible]	[illegible]	96	[illegible]	9.38	9.49
8pc 2009		[illegible]	[illegible]	[illegible]	80	9.16	9.48
Conv 9pc Ln 2011 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.38	9.45
9pc 2011 A		[illegible]	—	[illegible]	[illegible]	9.51	9.46
9pc 2011 B		[illegible]	[illegible]	[illegible]	[illegible]	9.28	9.45
Treas 5½pc 2008-12‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.52	9.43
7¾pc 2012-15‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.24	9.50
Exch 12pc '13-'17		123	−¼	125¼	[illegible]	9.76	9.50
Undated							
Consols 4pc		[illegible]	[illegible]	41¾	[illegible]	9.88	–
War Loan 3½pc‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.50	–
Conv 3½pc '61 Aft		[illegible]	[illegible]	[illegible]	[illegible]	5.85	–
Treas 3pc '66 Aft		[illegible]	[illegible]	[illegible]	[illegible]	9.96	–
Consols 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	9.77	–
Treas. 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	9.85	–

BRITISH FUNDS - Cont.

Index – Linked	Notes (b)	Price £	+ or -	1991 high	1991 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	2.98	4.02
2pc '96	(67.9)	176½	[illegible]	[illegible]	[illegible]	3.58	4.15
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	[illegible]	4.08	4.40
2½pc '03	(78.8)	[illegible]	[illegible]	[illegible]	133	4.15	4.43
2pc '06	(69.5)	140½xd	[illegible]	[illegible]	135	4.22	4.44
2½pc '09	(78.8)	[illegible]	[illegible]	[illegible]	[illegible]	4.24	4.44
2½pc '11	(74.6)	[illegible]	[illegible]	[illegible]	[illegible]	4.25	4.44
2½pc '13	(89.2)	[illegible]	[illegible]	[illegible]	[illegible]	4.26	4.43
2½pc '16	(81.6)	[illegible]	[illegible]	[illegible]	[illegible]	4.25	4.41
2½pc '20	(83.0)	[illegible]	[illegible]	[illegible]	108½	4.25	4.39
2½pc '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	91½	4.25	4.38

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		[illegible]	[illegible]	[illegible]	[illegible]	10.70	10.39
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	10.33	10.14
B'ham 11½pc 2012		[illegible]	[illegible]	[illegible]	100½	11.39	11.03
Ireland Cap 8½pc '10		[illegible]	—	97¼	88½	8.90	–
9pc Cap 1998		98	−⅛	99	93	9.17	–
13pc '97-02		118½	—	[illegible]	109½	11.36	–
GLC 8¾pc 1990-92		[illegible]	[illegible]	[illegible]	93½	8.82	10.80
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.11
Int-Am Dev 12½pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	11.09	10.27
9¾pc 2015		[illegible]	[illegible]	[illegible]	[illegible]	10.37	10.22
Leeds 13½pc 2006		[illegible]	[illegible]	[illegible]	[illegible]	11.69	11.15
Liverpool 3½pc Irred		30	−¼	31	28	11.67	–
LCC 3pc '20 Aft		27	−¼	27½	26	11.11	–
Manchester 11½pc 2007		104½	−½	105½	97½	11.27	10.90
Met. Wtr. 3pc 'B'		53	−½	53½	52	8.77	9.96
N'wide Anglia 3⅞pc 2021		104½	[illegible]	[illegible]	102	–	5.52
4¼pc IL 2024		104½	−½	107¾	104	–	5.25
Sth Rhod 87-92 Assntd		[illegible]	—	98½	84½	4.62	–
Utd Mex States 16½pc 2008		122	−½	125½	101	13.33	12.94

Notice to the Holders of Warrants to subscribe for Shares of Common Stock of
MITSUI MINING AND SMELTING COMPANY, LIMITED
(the "Company")
Issued in conjunction with the Issue of
U.S.$200,000,000 4⅞ per cent.
Guaranteed Bonds due 1995

Pursuant to the Instrument dated 14th February, 1991, under which the Warrants were issued, notice is hereby given as follows:

On 19th December, 1991, the Company issued FFr 360,000,000 6⅞ per cent. Guaranteed Bonds due 1995 with Warrants, with the initial subscription price of Yen 400 per share, being less than the current market price, calculated as provided in the above mentioned Instrument.

As a result of the above issue of Bonds with Warrants, the Subscription Price of the captioned Warrants has been adjusted, pursuant to Clause 3 of the Instrument, as follows:

Subscription Price per share before adjustment — Yen 466.00
Subscription Price per share after adjustment — Yen 462.80

The said adjustment of the Subscription Price became effective from 20th December, 1991 (Japan time).

Mitsui Mining and Smelting Company, Limited
1-1 Nihonbashi-Muromachi 2-chome
Chuo-ku, Tokyo 103, Japan

By: Mitsui Taiyo Kobe Trust International Limited as Principal Paying Agent

24th December, 1991

Minebea Co., Ltd.
Yen 23,000,000,000
Floating Rate Notes 1995

Interest Rate	6.5% per annum
Interest Period	From 24th December, 1991 To 22nd June, 1992
Interest Amount due 22nd June, 1992 per Yen 10,000,000	Yen 321,448

The Sumitomo Trust & Banking Co., Ltd.
Agent Bank

SRF Mortgage Notes 1 PLC

£150,000,000 Class A
£11,500,000 Class B
Mortgage backed floating rate notes
due March 2021

For the interest period 20 December, 1991 to 20 March, 1992 the Class A notes will bear interest at 11.23906% per annum. Interest amount payable on 20 March, 1992 will amount to £2,794.41 per £100,000 note. The Class B notes will bear interest at 11.93906% per annum. Interest payable on 20 March, 1992 will amount to £341,372.30 per £11,500,000 principal amount outstanding.

Agent: Morgan Guaranty Trust Company

JPMorgan

NOTICE OF EARLY REDEMPTION
To the Holders of
Nippon Steel International Finance P.L.C.
(the "Company")
U.S. $50,000,000
Dual Basis Notes due 1995

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Notes, the Company shall redeem all of the Notes at their outstanding principal amount on 31st January, 1992. The Redemption Amount payable of each Note shall be U.S. $10,000.

Nippon Steel International Finance P.L.C.

By: The Mitsubishi Bank, Limited
London Branch
as Fiscal Agent

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	33⅝xd	+¾	34⅝	20⅞	14,259	1.7
Allegheny & W	232p	-4	385p	218p	121.1	7.2
Amdahl	727pxd	+20	18⅞	657p	867.8	0.8
Amer Cyanamid	32⅛	-⅛	42⅛	25¾	2,888	2.8
Amer Express	9⅞xd	—	17¾	9⅞	4,045	5.7
Amer T & T	20⅞xd	—	24½	15¾	27,208	3.8
Ameritech	34⅛	-⅛	38⅞	32½	14,513	6.6
BankAmerica	17½xd	+⅛	25⅝	12⅞	3,889	3.8
Bankers NY	31⅝xd	-⅞	38⅞	20⅞	2,608	8.6
Bell Atlantic	25⅞xd	-⅞	30½	24⅛	10,088	5.6
BellSouth	28½	—	31¼	25	12,883	5.8
Bethlehem Steel	6⅞xd	—	11¼	6⅞	481.1	3.8
Bowater	1040p	-2	1030p	1042p	375.7	6.4
CPC	46⅞xd	-⅞	54⅞	37⅞	3,547	2.4
California Engy	740p	-8	930p	420p	185.8	—
Campbell Soup	42¼xd	-⅞	50	28⅛	5,965	1.9
Chase Manhattan	8½	+⅞	12⅞	5⅞	1,165	8.1
Chrysler	5⅞xd	-⅛	9⅞	5⅞	1,541	6.3
Citicorp	4⅝xd	-⅛	10⅞	4⅝	1,560	—
Colgate-Palm	24⅝xd	-⅛	28⅝	21⅞	3,561	2.4
Cont'l Bank	456p	-9	820p	435p	464.5	7.3
Dana	13⅝xd	—	21⅝	13⅝	560.8	6.8
Data General	767p	-8	1282p	203p	211.8	—
Dial	22⅞xd	-⅛	25⅝	12⅞	995.5	3.5
Dun & Brad	27	-⅛	29⅝	20⅛	4,876	4.5
Eaton	31⅞	-⅛	40	24⅛	1,082	4.0
Echlin	6⅞xd	+⅛	8½	6½	366.5	6.0
FPL	19½xd	+⅛	20⅛	14⅞	3,365	6.9
Fluor	27⅝xd	+⅛	30⅞	17⅞	1,739	1.1
Ford Motor	13½xd	+⅛	23⅛	13	6,398	4.2
Gen Elect	37⅞xd	+⅜	40⅞	29⅞	32,443	3.1
General Host	299p	-12	500p	270p	—	5.8
Gillette	28⅞xd	+⅞	40⅛	20⅞	6,098	1.3
Hasbro	15½	-½	20⅞	794p	1,118	0.7
Honeywell	31⅝xd	-½	38½	21⅞	2,285	2.9
Houston Inds	22⅞	+⅛	23½	17⅞	2,948	7.3
IBM	46xd	—	72⅞	46	28,318	5.9
Ingersoll-Rand	24⅞xd	+⅞	32½	18⅞	1,285	3.0
Lockheed	23¼xd	-1¼	28⅛	18⅞	1,472	4.8
Lowe's	1380p	-22	2150p	1240p	585.4	2.3
Man Hanover ♦	12⅝xd	+⅛	18⅞	9½	941.1	14.9
Merrill Lynch	25⅝xd	—	32⅞	10⅞	2,733	2.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1991 High	1991 low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc	18½	—	33	18	27.9	20.0	7.5
Zero Div Pf	66½	—	68½	58¾	—	—	—
Warrants	3	—	8½	2¾	—	—	—
Strata	145	—	164	104	1.3	176.1	16.6
Stratton	147	—	169	120	1.7	171.8	14.5
TR City of Lon	107	-½	121¼	90	5.7	105.5	-1.9
TR Euro Growth s	84	-1	104	78	1.6	92.7	7.2
Ptg Sub s	58½	-½	58	40	2.5	—	—
TR Far East Inc	77	—	94	56	7.3	88.6	14.3
Warrants	15	—	23	12	—	—	—
TR High Inc H	100	-2	115	85	8.8	92.3	-9.4
Sub 0	34	—	35	24	6.9	—	—
TR Pacific	67	—	82	49	0.5	77.3	14.0
TR Prop	25xd	-½	37	25	7.7	34.3	25.6
TR Smaller	133	-1	155	98	3.7	140.7	4.8
TR Technology M	32	—	52	20	7.7	80.0	60.0
Stepped Pf	89¾	-½	94½	70½	8.2	—	—
Zero Pf	154½	-1	158½	117½	—	—	—
Temple Bar †	245	-8	278	210	6.4	264.8	6.0
8pc 2002	£114½	—	£114½	£102½	5.2	—	—
Temple Em Mkts xs	162	—	173	92	0.6	162.1	-1.1
Warrants	58	-1	63	27	—	—	—
1pc Cv 2001	£182½	+2	£187½	£90½	0.6	—	—
Thornton Asian	58	—	72	55	1.1	66.6	13.1
Warrants	9	-1	18	9	—	—	—
Thornton Pan Euro	27	—	31	25	4.3	29.5	8.6
Warrants	5	—	10	5	—	—	—
Throg Dual Inc	98xd	-1	109	93	11.9	—	—
Cap	338	—	369	280	—	822.4	44.6
Throgmorton	45	—	64	45	6.4	64.2	29.1
Warrants	13	—	28	13	—	—	—
Throg USM	101	—	116	81	4.8	122.6	17.6
Warrants	18	—	27	14	—	—	—
Tor Inc	478	—	593	400	11.1	—	—
Cap	628	—	735	585	8.8	1047.4	39.4
Tribune	224	-1	256	189	3.5	264.8	15.1
Trust of Prop	61	-8	77	40	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MISCELLANEOUS - Cont.

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES - Cont.

Notes	Price	+ or -	1991 high	1991 low	Mkt Cap£m	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‡‡Ivernia West I£	49	—	61	30	15.6	—
‡‡Kells Mins I£	41	-1	46	33	6.99	—
‡Kenmare	4½	-½	25	4½	4.32	—
‡‡Navan Res I£ n	18	—	20	15	6.67	—
Northgate Expl C$ s	39	-8	98	39	4.92	—
North West Expl A$	6	—	16	5	2.82	—
Oryx Gold $	103	-8	188	82	—	—
‡‡Ovoca Gold I£	8	—	23	8	0.56	—
Plateau	13	—	44	12	2.43	—
RTZ	452	-12	606	404	4,586	5.8
♥Thorco Res	4¾	—	11	3¼	—	—
‡Vizcaya	2½	—	18	2	1.34	—
♥Western & Pac C$	23½	—	152	19½	12.8	—
‡Young Grp	106	—	133	106	0.90	6.5

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

PROPERTY

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

STORES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MINES

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed: dealings permitted under rule 535(4)(a)
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1990. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other offical estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions:
Baring Chrysalis Fund Ord. & Warrants (Section: Other Financial)
Culver (Motors)

Deletions:
Anglo Scandinavian Warrants (Investment Trusts)
Finlay Packaging (Packaging, Paper & Printing)
Sovereign Oil & Gas (Oil & Gas)
Stanelco (Engineering General)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on *FT Cityline*. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.02	50.02xd	50.92	+0.02	20.6
Capital Primemover	5¼	47.64	47.94	51.34	-0.15	9.45
Ethical	5¼	44.91	45.87	48.80	-0.63	5.27
European Growth	5¼	43.68	43.68	46.75	-0.42	3.40
Income	5¼	42.55	43.11	45.98	-0.14	8.51
Intl Growth	5¼	59.23	59.39	63.35	-0.58	3.52
Managed	5¼	52.71	53.09	56.63	-0.74	4.99
UK Growth	5¼	45.89	46.55	49.65	-0.86	6.32
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	5	179.9	182.3	189.8	-1.2	3.24
Do Income	5	171.7	173.9	181.1	-1.2	3.24
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	33.38	33.58	35.47	-0.4	2.73
UK Equity Gth Acc	5¼	45.22	46.11	49.00	-0.4	2.48
UK Eq High Inc Inc	5¼	26.67	27.36	29.07	-0.3	6.99
UK Eq High Inc Acc	5¼	29.99	30.75	32.68	-0.6	6.99
UK Equity Gen Acc	5¼	42.62	43.37	46.09	-0.6	3.79
UK Equity Gen Inc	5¼	33.35	33.94	36.07	-0.5	3.79
UK Larger Cos Acc F	7½	278.1	282.2	306.2	-3.9	4.97
UK Larger Cos Inc F	7½	223.9	227.1	246.5	-3.2	4.97
Gilt & Fxd Int Inc	5¼	27.76	27.83	29.44	-0.1	7.92
O'seas Larg Cos Acc F	7½	196.0	199.9	216.9	-2.0	2.19
Nth American Acc	5¼	32.60	32.80	34.86	+0.1	0.75
Far East Acc	5¼	37.08	38.06	40.44	-0.7	0.01
European Acc	5¼	31.33	32.94	35.00	-0.4	1.83
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	266.1	266.1	284.4	-3.3	0.83
(Accum Units) ♥	5	313.2	313.2	334.7	-3.9	0.83
British	5	768.8	781.8	827.1	-4.1	6.27
(Accum Units)	5	1263.1	1284.5	1358.9	-6.8	6.27
European	5	307.2	307.2	327.2	+0.7	1.55
(Accum Units)	5	333.0	333.0	354.7	+0.8	1.55
Japan	5	103.5	103.5	110.2	-1.4	-
(Accum Units)	5	104.3	104.3	111.1	-1.4	-
New Pacific	5	158.0	158.0	168.4	-3.0	2.06
(Accum Units)	5	162.3	162.3	172.9	-3.1	2.06
PEP Dec 18	5	141.6	143.6	151.4	-	3.71

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Dec 12	467.53	470.98	----	3.00
Gross Dec 12	174.61	176.02	----	11.08
High Yield Dec 12	273.64	275.83	----	7.98
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	48.89	49.95	-0.50	4.42
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1100.0	1186.0	----	-
Mngd Pens (Acc)	62.6	66.7	----	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	----	7.00
Inc Gth Prp Jul 31	£1375.8	1460.0	----	8.90
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Dec 23	£3791.9	3985	-84.20	4.13
European Dec 23	£527.0	532.7	-8.30	2.13
American Dec 23	£319.6	323.1	-8.50	2.51
Japan Dec 23	£448.1	453.1	-20.30	1.44
Pacific Dec 23	£124.9	128.4	-3.80	2.16
W Midlands Sep 30	£136.50	152.30	----	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Nov 30	193.55	197.40	-	7.94
Equity Nov 30	834.90	846.60	-	4.13
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Dec 20	103.52		-0.1	10.42
(Accum Units)	610.68		-0.8	10.42
NAACIF Dec 17	40.27		----	9.9
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Dec 17	120.5	130.1	----	2.09
UK Small Co † Dec 17	516.8	567.9	----	3.52
Fixed Interest † Dec 17	109.2	114.9	----	8.70

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INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd.	102.7	108.1	.....	-
Pension Managed Fd.	102.1	106.4	.....	-
Life Deposit Fd.	111.4	117.2	.....	-
Pension Deposit Fd.	118.3	124.6	.....	-

For National Fin see Target Life

	Bid Price	Offer Price	+ or -	Yield Gross
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	164.8	173.5	.....	-
UK Equity	171.0	180.1	.....	-
Overseas Equity	130.5	137.4	.....	-
Fixed Interest	163.4	172.0	.....	-
Property	129.1	135.9	.....	-
Index Linked	151.7	159.7	.....	-
Deposit	165.3	174.1	.....	-
With Profits (B)	135.2	142.4	.....	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	331.6	349.1	-3.3	-
UK Equity	411.3	433.0	-5.3	-
Overseas Eq.	313.9	330.5	-2.3	-
Americas	267.9	282.0	-3.3	-
Far East	330.6	348.0	-4.0	-
Property	193.3	203.5	-0.4	-
Fixed Int.	271.7	286.1	-1.4	-
Indexed Gilt	159.9	168.4	-0.5	-
Deposit	189.1	199.1	+0.2	-
With Profit	105.9	111.5	+0.1	-
Pension Fund (Accum Units)				
Managed	479.3	504.6	-5.1	-
UK Equity	556.1	585.4	-7.3	-
Overseas Eq	536.7	565.0	-5.1	-
Americas	344.3	362.5	-4.6	-
Far East	542.1	570.7	-7.7	-
Property	247.4	260.5	-0.5	-
Fixed Int.	340.9	358.9	-1.0	-
Indexed Gilt.	174.5	183.7	-0.5	-
Deposit	268.4	282.6	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1071.5	1090.6	.....	-

Prices December 2 Next dealing January 2

	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Asset Management Ltd				
PO Box 140, Norwich NR3 1PP 0603 622200				
NUAM Funds				
Managed Fund	68.2	71.8	-0.8	-
Stock Market Mngd Fund	66.9	70.5	-0.7	-
Equity Fund	74.9	78.8	-0.9	-
International Fund	57.7	60.7	-0.8	-
European Fund	59.2	62.3	-0.2	-
North American Fund	65.0	68.5	-0.8	-
Pacific Fund	63.3	66.6	-0.9	-
Property Fund	77.5	81.6	.....	-
Fixed Interest Fund	62.2	65.5	-0.3	-
Index linked Sec Fund	62.5	65.8	-0.3	-
Deposit Fund	72.5	76.4	+0.1	-
NUAM Retirement Plans				
Mixed Fund	75.6	79.6	-0.7	-
UK Ordinary Share Fd.	86.7	91.2	-1.1	-
International Fund	62.0	65.3	-0.6	-
Property Fund	83.8	88.3	+0.1	-
Fixed Interest Fund	76.8	80.8	-0.3	-
Index Linked Sec Fund	66.8	70.3	-0.2	-

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OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

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Baring International Fd Mngrs (Ireland) Ltd	Bid Price	Offer Price	+ or -	Yield Gross
Australia	$15.90	16.70xd	-0.15	1.05
Japan Tech	$56.08	58.89	+0.45	-
Japan Fund	$23.78	24.97	+0.16	0.17
Japan New Ents Fd	$18.05	18.96	+0.15	-
Malay Sing	$54.74	57.48	+0.37	0.31
Nth American	$22.03	23.14	+0.13	0.98
Octopus Fund	$21.58	22.66xd	+0.05	0.88
Pacific Fd	$60.34	63.36xd	+0.22	-
International Bond	$17.54	18.42xd	+0.11	6.89
Europa Fund	$13.43	14.11xd	+0.12	-
British Screen Fd	£0.84	0.89xd	-0.01	-
Tristar Warrant	$10.89	11.44	-0.01	-
Hong Kong	$51.26	53.83xd	-0.07	3.09
Mngd Portfolio (Stlg)	£3.84	4.19	-0.03	-
Mngd Portfolio (DM)	$10.14	10.70	+0.02	-
Currency Fd-Sterling	£19.84		+0.03	-
Currency Fd-US Dollar	$15.59		-	-
Curr Fd-Deutschmark	DM41.13		+0.01	-
Curr Fd-Managed $	$46.32	48.63	+0.22	-

Federated International Funds Plc

Federated Short-term US Gov't Securities Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Institutional Serv Series*	$1.00		----	4.38
Investment Series*	$1.00		----	4.28

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F	Init. Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.5779	0.6154	[illegible]	1.35
ADI Mgd Currency(z)	5	[illegible]	0.422	0.4446	[illegible]	5.15
ADI W'wide Eq(z)	5	[illegible]	0.6513	0.6936	[illegible]	1.11
ADI Nth Amer Eq(z)	5	[illegible]	0.7921	0.8435	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.071	1.14	[illegible]	1.17

JERSEY (REGULATED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slides on rate cut fears

THE DOLLAR kept edging away from the D-Mark yesterday, reaching its widest differential in forty years, amid growing pessimism over the state of the US economy.

Comments from the White House that there was plenty of room for further rate cuts – even after Friday's 1 percentage point reduction to 3.5 per cent – left little doubt that the dollar was a sell.

This feeling was exacerbated by the official statement that a drop in personal income reflected a "flat, sluggish economy".

Traders were getting ready for a heavy exit in the new year, as there appeared to be some hesitancy to commit before December 30.

"Banks will open their new positions on currencies about then," said one dealer. "The important question will be whether the D-Mark has gone up far enough against other currencies."

The dollar fell more than 2 pfennigs, from DM1.5345 to DM1.5135, in European trading. The decline brought it to virtually the same levels it stood at a year ago, wiping out the gains made immediately after the Gulf war. In New York the US unit recovered 58 points to end at DM1.5193.

The dollar's drift was one of the few bright spots in a psychologically testing day for the pound. Sterling took some welcome support from the dollar's weakness, rising from $1.86 to $1.8765. It finished 10 points down at $1.8755 in New York.

However, interest rate rises in Spain, France and Italy gave some support to those currencies within the ERM at the expense of sterling.

During the day the pound "was close to looking fully extended against the peseta", commented Mr David Cocker of Chemical Bank. Sterling fell to Pta 181.10 at one stage, with Pta 180.59 being the pound/peseta base rate.

The D-Mark's strength continued to squeeze the pound, with the UK currency forced to test the DM2.84 level early in the morning.

Britain's floor within the EMS is DM2.835, and so traders were relieved to see a rally before the warning bells began to ring. However, the Bank of England had not intervened.

Traders said low volumes before the Christmas holidays had forced the smaller deals to move the market disproportionally.

Encouraging UK import figures – "a welcome sign amid all the doom and gloom from the CBI," said Mr Cocker – put a plank under sterling, somewhat alleviating the downward pressure.

The 1.2 per cent rise in the value of imports into Britain in November is being viewed by economists as an encouraging sign that domestic demand is picking up and the UK may be in the throes of an economic turnround.

In spite of this, the UK currency remained firmly at the bottom of the grid – 1.5 per cent below the next weakest currency, the Danish kroner.

Traders said that any test of the government's resolve to hold rates was not likely before the new year.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 23	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.675	-2.96	5.64	51
Belgian Franc	42.4032	41.9426	-1.09	3.64	46
D-Mark	2.05586	2.03500	-1.01	3.57	56
Dutch Guilder	2.31643	2.29450	-0.95	3.49	40
Irish Punt	0.767417	0.765542	-0.24	2.77	5
Italian Lira	1538.24	1544.07	0.38	2.13	-26
French Franc	6.89509	6.95906	0.93	1.57	-59
Danish Krone	7.84195	7.93315	1.16	1.34	-59
Sterling	0.696904	0.714429	2.51	0.00	-49

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

£ IN NEW YORK

Dec.23	Close	Previous Close
£ Spot	1.8750-1.8760	1.8575-1.8585
1 month	1.01-0.99pm	1.03-1.01pm
3 months	3.04-3.01pm	3.02-2.98pm
12 months	11.15-11.05pm	10.85-10.7pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.23	Previous
8.30 am	91.6	91.5
9.00 am	91.5	91.4
10.00 am	91.6	91.4

POUND SPOT - FORWARD AGAINST THE POUND

Dec 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8610 - 1.8780	1.8760 - 1.8770	1.03-1.00cpm	6.49	3.08-3.03pm	6.51
Canada	2.1465 - 2.1790	2.1770 - 2.1780	0.73-0.60cpm	3.66	2.03-1.85pm	3.56
Netherlands	3.1975 - 3.2135	3.1975 - 3.2075	½-¼cpm	1.41	1-⅝pm	1.01
Belgium	58.30 - 58.80	58.60 - 58.70	9-2cpm	1.13	23-6pm	0.99
Denmark	11.0440 - 11.1095	11.0950 - 11.1050	2½-1orepm	1.89	4½-2½pm	1.15
Ireland	1.0670 - 1.0700	1.0670 - 1.0680	0.03-0.08dis	-0.62	0.03-0.13dis	-0.30

EXCHANGE CROSS RATES

Dec.23	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.877	2.840	237.5	9.710	2.525	3.203	2155	2.178	58.65	1.404
$	0.533	1	1.513	126.5	5.173	1.345	1.706	1148	1.160	31.25	0.748
DM	0.352	0.661	1	83.63	3.419	0.889	1.128	758.8	0.767	20.65	0.494
YEN	4.211	7.903	11.96	1000.	40.88	10.63	13.49	9074	9.171	246.9	5.912
F Fr.	1.030	1.933	2.925	244.6	10.	2.600	3.299	2219	2.243	60.40	1.446
S Fr.	0.396	0.743	1.125	94.06	3.846	1	1.269	853.5	0.863	23.23	0.556
N Fl.	0.312	0.586	0.887	74.15	3.032	0.788	1	672.8	0.680	18.31	0.438
Lira	0.464	0.871	1.318	110.2	4.506	1.172	1.486	1000.	1.011	27.22	0.652
C$	0.459	0.862	1.304	109.0	4.458	1.159	1.471	989.4	1	26.93	0.645
B Fr.	1.705	3.200	4.842	404.9	16.56	4.305	5.461	3674	3.714	100.	2.394
Ecu	0.712	1.337	2.023	169.2	6.916	1.798	2.281	1535	1.551	41.77	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5¼-4{15/16} per cent; three years 5{13/16}-5{11/16} per cent; four years 6⅜-6{1/16} per cent; five years 6⅝-6{1/16} per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

*Official rate. Floating rate £-2578.0 $-1421.0

FINANCIAL FUTURES AND OPTIONS

ECU BOND (MATIF)

December	107.18	107.02	-0.16	107.20	106.98	8.89	1,080
March	107.52	107.40	-0.12	107.54	107.30	8.84	4,257

Estimated volume 2,895 Total Open Interest 5,317

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
105	-	-	-	0.30	-	-
106	1.18	-	-	0.56	-	-
107	0.65	-	-	1.02	-	-
108	0.32	-	-	-	1.49	-
Open Int	145,368	11,482	350	87,471	12,360	250

Estimated volume 36,869 Total Open Interest 257,281

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8765	1.8664	1.8460	1.8159	1.7641

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

All talk, no action

GOD rest ye merry, gentlemen could have been the money market motto yesterday, with trading being exceptionally thin before the Christmas break.

Sterling managed to hold its own during the day, with little selling in the market. Much of its resilience was attributed to the market's fatalistic view of UK interest rates following the news that France, Spain and Italy had all increased their lending rates.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

"Everything from one month to one year is above 11 per cent," said one dealer. "Banks are holding sterling as it looks like rates might have to rise."

The UK remains the only ERM country to hold its interest rates steady. The Bank of England gave a decisive indication early in the day that there were no nasties lurking around the corner when it moved to stem the £1.03bn shortage at the usual rates.

The shortage was greater than normal, although traders believed this was because banks were clearing balance sheets before the year-end.

There was no indication of any intervention from the Bank of England and, indeed, traders seemed to feel there was not much need of it, in spite of talk of severe pressure on sterling. Seasonally thin trading made it easier for the Bank to avoid intervention and ride out the uncertainty. "There is no real selling out there," said one dealer. "The prices being quoted are just not being traded."

A UK rate rise was being priced into the March short sterling, which is a good indication of how the markets feel interest levels will move in the next three months. The three months inter-bank rate firmed slightly from 11-10⅞ to 11⅛-11 per cent.

Economists were more wary of such pessimism, holding out the party suicide theory on any rate rise. The Conservatives, facing an April or May general election, could not afford a rate increase while they are neck and neck with Labour in the opinion polls.

Talk began to resurface of a realignment, although that would involve a sharp Tory turnround on inflation. "That has been seen as a priority," said one dealer, "and devaluation, in effect, would import inflation."

In Germany, a much greater than expected reserve requirement – DM75bn as opposed to DM73bn – sent banks running for funds. Call money steadied at 9.5 per cent after the Bundesbank injected between DM2bn and DM4bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.23) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4⅜	bid 4{5/16}	offer 4{7/16}

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

4pm

		Treasury Bills and Bonds			
Prime rate	6½	One month	3.82	Three year	5.14
Broker loan rate	6	Two month	3.94	Four year	5.26
Fed. funds	4¼	Three month	3.85	Five year	6.00
Fed. funds at intervention	4⅛	Six month	4.01	Seven year	6.47
		One year	4.12	10-year	6.86
		Two year	4.82	30-year	7.53

Dec.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.45-9.55	9.55-9.75	9.45-9.65	9.45-9.65	9.40-9.60	9.75
Paris	10⅛-10⅜	10⅛-10⅜	10{5/16}-10⅜	10⅛-10⅜	10⅛-10⅜	9.60
Zurich	6⅞-7⅛	8¼-8⅛	-	8⅛-8½	-	-
Amsterdam	9.87-10.0	9.85-10.0	-	9.75-9.85	-	-
Tokyo	6⅛-6½	6{13/16}-6{11/16}	-	6⅛-6⅜	-	-
Milan	11⅞-12¼	13⅛	-	12⅞-12{13/16}	-	-
Brussels	10-10¼	10⅛-10⅜	-	9{13/16}-10⅛	-	-
Dublin	10⅜-10½	10⅝-10⅜	10⅝-10⅜	10⅝-10⅜	10⅝-10⅜	-

LONDON MONEY RATES

Dec 23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12½	11½	11⅛	11⅛	10{15/16}	10⅞
Interbank Bid	9	11	11⅛	10{15/16}	10{13/16}	10¾
Sterling CDs	-	-	11⅛	11{1/16}	11{1/16}	10⅞
Local Authority Deps.	10{5/16}	10⅝	11⅛	11	11	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	11	-	-	-	-
Company Deposits	-	-	11⅛	11{1/16}	11{1/16}	10{15/16}
Finance House Deposits	-	-	11⅛	11	11	10⅞
Treasury Bills (Buy)	-	-	10⅞	10⅞	10{11/16}	-
Bank Bills (Buy)	-	-	10{15/16}	10⅞	10¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.85	4.35	4.25	4.35
SDR Linked Dep. Offer	-	-	7	6⅞	6⅞	6{13/16}
SDR Linked Dep. Bid	-	-	6⅞	6¾	6¾	6{11/16}
ECU Linked Dep. Offer	-	-	10⅝	10⅝	10⅝	10⅝
ECU Linked Dep. Bid	-	-	10⅝	10½	10½	10⅜

Treasury Bills (sell); one-month 10⅝ per cent; three months 10⅝ per cent; six months 9{13/16} per cent; Bank Bills (sell): one-month 10{13/16} per cent; three months 10⅝ per cent; Treasury Bills: Average tender rate of discount 10.1575 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec 25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991. Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

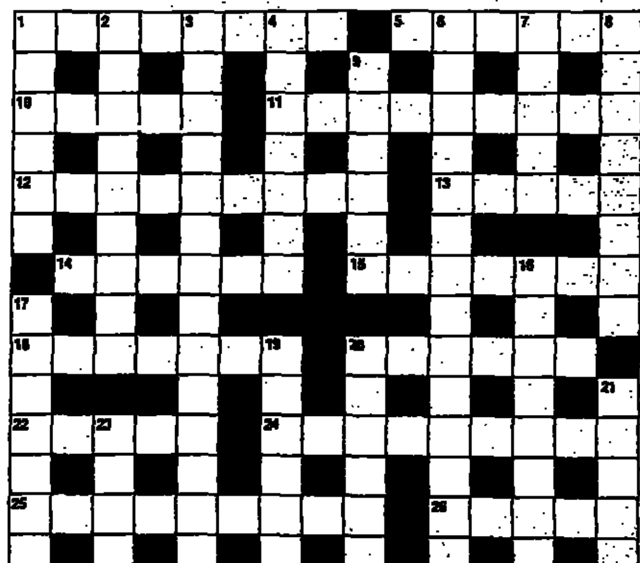
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,731 Set by DINMUTZ



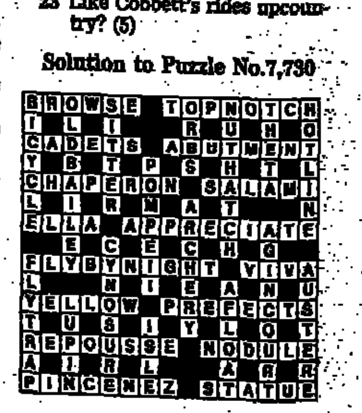
ACROSS

1 Tortoise-book? (8)
5 Odds against Whip being wet (6)
10 Be in debt, held by credit? Shrink from that! (5)
11 Fractional dividend (9)
12 Old nagging woman is well overweight (9)
13 Fatal to lose time in lesson (5)
14 Smoking-jacket? (6)
15 Colonist who stumps up (7)
18 Maximum single holding of US dollars? (7)
20 Jackdaw's home is a right-hand, converted semi (6)
22 Grub of particular value (5)
24 In very high spirits, give the boss a ring (4-1-4)
25 Fungus prominent on the ground (9)
26 The Bull's main meal has no starter (5)
27 Roof-workers left in rows (6)
28 Such classes certain to be wantonly idle outside (8)

DOWN

1 He settled on Caribbean island with Priam's wife (6)
2 Eats in lines? There is such disorderly racket (9)
3 For those with one bent, the bar offers aid freely (5,2,1,7)
4 Outline of study-trip (7)
6 Simply R3 (4,11)
7 Bill Hill, who may have hard lines? (5)
8 Armorial bearings Harry led out (8)
9 Norman leader surrounded by his lady-friends, here in France (8)
16 One who takes off damaged room-panel (9)
17 Being well-off makes a fellow articulate (8)
19 Discover in Belloc a teacher (6)
20 Bend back and come back on day of victory (7)
21 Let off for free-day (6)
23 Like Cobbett's rides upcountry? (5)

Solution to Puzzle No.7,730



WORLD STOCK MARKETS

AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / NETHERLANDS / SWEDEN / SWITZERLAND / NORWAY / SPAIN / ITALY / SOUTH AFRICA / JAPAN / AUSTRALIA / HONG KONG / MALAYSIA / SINGAPORE

[illegible]

CANADA

TORONTO

4:00 pm prices December 23

[illegible]

MONTREAL

4:00 pm prices December 23

[illegible]

Total Sales 8,926,200 shares

INDICES

NEW YORK

DOW JONES	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3022.58	2934.48	2914.36	2908.09	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	98.32	98.22	97.99	97.92	98.32 (23/12)	91.30 (16/1)	98.22 (20/12/91)	54.99 (1/10/81)
Transport	1258.03	1207.03	1200.49	1208.52	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.71	217.33	213.76	214.38	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3037.57 (2965 79) Low 2919.05 (2907.65)

STANDARD AND POOR'S	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	396.82	387.04	382.52	383.48	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	467.45	455.98	451.55	452.98	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.92	30.80	30.26	30.34	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	218.12	213.13	210.91	211.44	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	370.93	367.22	366.60	368.72	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	543.90	535.76	534.53	539.84	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 20	Dec 13	Dec 6	year ago (approx.)
Dow Industrial Div. Yield	3.13	3.14	3.17	3.92

	Dec 18	Dec 11	Dec 4	year ago (approx.)
S & P Industrial div. yield	2.78	3.22	2.80	3.32
S & P Indl. P/E ratio	23.24	21.05	22.98	15.88

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
AT & T	7,634,200	38⅞	...
Citicorp	5,025,900	9	+ ⅛
Syntex	3,166,200	46⅝	+ 4
Gen. Motors	3,133,600	29	+ 1½
Philip Morris	2,387,100	73⅝	+ 1
Am. Express	2,355,200	19	+ ⅝
IBM	2,322,300	88¼	+ 2⅞
RJ Nabisco	2,250,400	10	...
Glaxo	2,122,200	30¼	+ ⅛
West Elect	2,080,400	15⅛	+ ⅞

TRADING ACTIVITY

† Volume (Millions)	Dec 23	Dec 20	Dec 19
New York SE	228.730	318.810	199.830
Amex	23.785	29.225	16.615
NASDAQ	(u)	189.260	174.579
NYSE			
Issues Traded	2,218	2,207	2,169
Rises	1,411	1,127	682
Falls	421	618	1,001
Unchanged	386	462	486
New Highs	199	126	53
New Lows	37	44	72

CANADA

TORONTO	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW
Metals & Minerals	2771.19	2750.30	2715.90	2720.06	3299.99 (18/7)	2632.06 (9/1)
Composite	3378.15	3340.85	3326.10	3332.62	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1801.30	1770.86	1761.55	1769.31	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec 23	Dec 20	Dec 19	Dec 18	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1568.8	1573.5	1581.4	1578.5	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	625.5	625.4	627.6	627.2	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	373.78	380.04	383.92	386.49	534.81 (16/4)	373.78 (23/12)
BELGIUM						
BEL20 (1/1/91)	1071.41	1072.90	1069.88	1072.59	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	348.01	350.21	350.51	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	765.2	774.1	769.6	768.5	1186.9 (8/4)	765.2 (23/12)
FRANCE						
CAC General (31/12/82)	451.16	457.37	464.13	465.80	503.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1633.57	1648.50	1684.19	1706.17	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	626.75	629.37	636.11	638.79	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1767.0	1774.2	1793.3	1801.7	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1539.62	1543.19	1561.77	1573.75	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4146.12	4142.61	4182.81	4177.67	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1347.62	1354.84	1367.98	1378.13	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital (1972)	490.23	491.15	496.16	503.75	619.38 (3/6)	482.89 (10/12)
JAPAN						
Nikkei (16/5/49)	(c)	21777.12	21991.19	22629.90	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	(c)	1648.16	1660.26	1704.01	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	(c)	2444.93	2475.60	2494.93	3423.45 (10/5)	2444.93 (20/12)
MALAYSIA						
KLSE Composite (4/4/86)	545.52	540.64	541.13	540.61	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl. Rtn Gen.(End 1983)	266.9	267.5	270.5	272.5	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	187.5	187.9	190.0	191.4	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	635.03	637.04	640.32	650.43	793.53 (26/8)	595.77 (2/12)
PHILIPPINES						
Manila Comp (2/1/85)	1115.46	1119.73	1114.43	1114.58	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	(u)	390.54	391.48	392.80	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1174.0&	1160.0	1175.0	1186.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4098.0&	4105.0	4142.0	4133.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	586.51	612.25	607.39	607.69	763.10 (6/8)	586.51 (23/12)
SPAIN						
Madrid SE (30/12/85)	231.69	230.86	231.82	234.95	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	880.20	873.7	878.5	891.9	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	710.7	712.1	713.6	718.1	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	574.6	575.4	577.9	582.9	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4459.75	4448.04	4466.57	4457.62	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	680.38	686.83	690.29	697.00	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	504.8*	501.8	500.4	505.0	529.2 (17/4)	439.1 (16/1)

**Saturday December 21: Taiwan Weighted Price: 4471.46; Korea Comp Ex. 601.01.
*Calculated at 15.00 GMT.
& Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday 20 December 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Toyo Ink	7.4m	913	-45	Clarion	3.0m	1,120	-70
Nippon Steel	6.5m	355	+4	Meiji Milk	3.0m	971	-29
Osaka Gas	5.8m	585	-6	Hitachi	2.8m	875	-15
Kobe Steel	3.3m	410	-5	Sumitomo Bank	2.7m	1,980	-60
Kansai Elec	3.2m	2,780	-20	Mitsubishi Heavy	2.6m	650	-21

Price data supplied by Telekurs.

4:00 pm prices December 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16 7/8	9 1/4	AAR Corp	0.48	4.4	12	969	11 1/4	10 7/8	11	+1/8
22 7/8	14 1/2	A L Labs A x	0.16	0.8	23	103	21	20 3/4	21	+1/8
55 3/4	40 7/8	AMP Inc	1.44	2.6	21	1783	54 7/8	52 1/4	54 1/2	+2 1/4
69 5/8	44 1/4	AMR				136207	u69	63 1/4	68 7/8	+6 1/8
2 5/8	1	ARX			1	115	1 1/2	1 1/4	1 1/2	+1/4
56	41 1/2	ASA	3.00	6.5	13	422	46 5/8	46	46 3/8	+1/8
68 1/2	39 1/4	Abbott Lab x	1.00	1.6	28	8695	u65 1/4	62 3/4	65	+2
14 3/4	9 7/8	Abitibi Pr x	0.50	4.0	17	5	12 3/4	12 5/8	12 5/8	
11 7/8	10 5/8	ACM Gvt In x	1.31	11.8		499	11 1/8	11	11 1/8	+1/8
9 3/4	8 3/4	ACM GvOpp x	1.06	11.2		107	9 1/2	9 3/8	9 3/8	-1/8
9 1/2	8 1/4	ACM Gvt Sp	1.08	11.7		761	9 1/4	9 1/8	9 1/4	+1/8
11	9 7/8	ACM Gvt Sc x	1.26	11.8		390	10 7/8	10 1/2	10 5/8	
9 1/8	7 5/8	ACM Man x	1.06	11.5		294	u9 1/8	9	9 1/8	
12 7/8	11 1/2	ACM Managd x	1.35	10.8		244	12 1/2	12 3/8	12 1/2	
7 1/2	4 3/4	Acme Cleve	0.40	6.5	13	105	6 1/8	6	6 1/8	+1/8
6	3 1/8	Acme Elect			3	49	4 7/8	4 5/8	4 7/8	+1/8
40	22 3/4	Acuson			19	890	29 3/4	28 1/8	29 1/4	+7/8
20 1/4	14 1/4	Adams Expr	1.63	8.9	0	165	18 1/4	18	18 1/4	+1/4
20 1/8	13 3/8	Adobe12Pf	2.40	18.3		209	13 3/8	d13	13 1/8	-1/4
9 3/4	4 1/4	Adobe Res			35	620	4 1/4	d3 7/8	3 7/8	-3/8
42 1/4	18	Ad Micro				777	u42 3/8	41 1/2	42 3/8	+1/4
17 1/8	4 5/8	Ad Micro P	3.00	17.3	86	1907	u17 3/8	16 3/4	17 3/8	+3/4
5 1/8	2 1/4	Advest Grp	0.16	3.9	5	600	4 1/8	4 1/8	4 1/8	-1/8
49 1/8	31 7/8	Aetna Lf x	2.76	6.9		73002	39 3/4	39 1/8	39 1/4	+1/2
10 5/8	6 5/8	Affil A x	0.24	2.9	76	1438	8 1/2	8 1/4	8 1/4	+1/8
20 7/8	12	Ahmanson	0.88	6.0		92389	15 1/4	13 3/4	14 3/4	+1/2
19 1/2	2 7/8	Aileen Inc			18	238	18 3/8	17 7/8	18 3/8	+3/8
74 1/8	51 3/8	Air Pr Chm x	1.68	2.3	15	916	69 3/4	66 5/8	68 5/8	+2
30	16 5/8	Airborne Frt	0.30	1.4	15	395	21 3/4	21	21 1/2	-1/4

1991 High	1991 Low	Stock	Div.
30	22 7/8	BRE Prop	2.40
44 3/4	24 5/8	Briggs & S	1.60
35 3/4	24 1/2	Brinkerhnt	
87 7/8	61 1/4	Bristol M x	2.40
40	24 1/2	Brit Airwy	1.73
51 3/4	39	Brit Gas	2.50
77 1/2	61 7/8	BP ADR	4.11
32 5/8	26 3/8	BP Prudhoe	3.57
6 3/4	1 3/8	BP Wts93	
27 5/8	11 1/4	Brit Steel	1.70
74	51 1/4	Brit Tel x	2.72
18 1/4	4 5/8	Broad Inc	0.20
33 1/4	27 1/2	BrklnPfd	2.47
30 5/8	27	Brooklyn U x	1.94
84 1/2	69	BrwnFormnB	2.24
28 5/8	21 5/8	Brown Grp x	1.60
12 3/4	6 3/8	Brown&Shrp	0.32
30 3/4	16 7/8	Browning F x	0.68
4 1/8	1 5/8	BRT	
18 5/8	8 5/8	Brunswick	0.44
20	9 1/2	Brush Well x	0.20
29 3/4	23 5/8	Buckeye Pt	2.60
16 1/2	13	Bunker Hl x	1.68
13 3/4	10 1/4	Burger K I	1.60
21 3/8	8 1/4	Burl Coat	
41 7/8	26 1/4	Burl North	1.20
45 3/8	32 7/8	Burln Reso x	0.70
16	11 1/4	Burnham Pc x	1.36

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4:00 pm prices December 23

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		26	3490	23¾	22½	23½	+1
XL Data		31	89	10½	10⅜	10⅜	
Xoma Corp		11	5377	19¾	18½	19½	+1¼
Yellow Fr	0.94	18	1158	26	25	26	+⅞
York Rsch		61	1229	7⅜	7¼	7⅜	
ZionsUtah	1.44	9	578	41¼	39½	41	+¼

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months. estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or *receivership or being reorganised under the Bankruptcy Act*, or securities assumed by such companies. wd-distributed. wi-when issued ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices December 23

FINANCIAL TIMES

Tuesday December 24 1991

AMERICA

Dow surges above 3,000 on Friday's rate cut news

Wall Street

SHARE PRICES rose sharply yesterday as individual investors reacted to last week's big cut in interest rates with a frantic buying binge, *writes Patrick Harverson in New York.*

By the close the Dow Jones Industrial Average had gained a further 88.10 at 3,022.58, surpassing the 3,000 mark with the second biggest one-day rise of the year. The more broadly based Standard & Poor's 500 jumped 9.76 to 396.80, while the Nasdaq composite of over-the-counter stocks forged ahead 8.14 to 543.90. Trading volume on the New York Stock Exchange came to 229m shares.

Sentiment was buoyant all day, with investors buying stock in the hope that the Federal Reserve's aggressive easing of monetary policy last week (it reduced the discount rate by a full percentage point to 3.5 per cent, its lowest level for almost 30 years) would kick the stagnant economy into life. Many of the buyers would have responded to the rate cut on Friday but fear of rapid fluctuations because of stock options and futures expirations kept them out of the market until yesterday.

Speculation that there may be more interest rate cuts to come also spurred demand, as did further declines in bond yields. The thin nature of trading, as is usual in the Christmas week, exaggerated the effect of the buying on the headline indices, and prices were further boosted by some traditional year-end "window dressing" by investment managers eager to mark up the value of their portfolios before the accounting period closes.

All the market leaders were sharply higher, with IBM appreciating $2½ to $88¾, Philip Morris $1¼ to $73⅝, General Electric $2⅛ to $72, Merck $5¼ to $160 and Coca-Cola $2⅜ to $78¾.

One of the most heavily traded stocks was Citicorp, up $⅛ at $9⅛ in turnover of 4.2m shares and aided by hopes that lower interest rates would boost bank profits. BankAmerica put on $⅜ to $34¼, Security Pacific $⅜ to $28⅛ and Chemical $1 to $21⅛.

Triton Energy firmed $⅜ to $34 on reports of a substantial oil find in a Colombia field in which Triton has a stake. The ADRs of British Petroleum, which is also involved in the Colombian project, edged $⅛ higher to $63¼.

Frontier Insurance rose $1⅞ to $26⅛ after Smith Barney Harris, the broking house, initiated research coverage of the stock with a "buy" rating.

In the over-the-counter market, MCI Communications added $1⅛ at $28⅝, Apple $1¼ at $51⅛ and Sun Microsystems $2⅛ at $26⅝.

Canada

TORONTO stocks surged ahead in late trading, pulled along by the biggest gain on Wall Street since the end of the Soviet coup, renewed enthusiasm over the economy due to Friday's US discount rate cut, and the usual year-end short-covering.

The composite index gained 37.8 to 3,378.1, with winning issues topping losers by 335 to 191. Volume, however, was a low 17.2m shares, against Friday's 40.9m.

Federated Department Stores and Allied Stores, both units of Campeau, said a preliminary vote indicated creditors have approved the companies' plan of reorganisation, which will allow the retailers to emerge from chapter 11 bankruptcy protection early next year. Campeau firmed 2 cents to 54 cents.

Japan and Germany shake global equities

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	+0.19	−8.85	−14.54	−13.18	−13.31	−16.45
Belgium	−1.01	−1.78	+ 7.05	+ 7.88	+ 9.46	+ 5.50
Denmark	−0.56	−3.63	+14.01	+16.22	+16.41	+12.19
Finland	−3.15	−9.49	−17.63	−17.58	−25.64	−28.52
France	−2.18	−4.52	+ 7.26	+ 9.44	+10.09	+ 6.09
Germany	−0.60	−4.41	+ 2.70	+ 4.40	+ 5.56	+ 1.73
Ireland	−2.44	−2.52	+11.52	+12.62	+14.09	+ 9.96
Italy	−0.40	−3.07	− 6.20	− 5.71	− 5.37	− 8.79
Netherlands	−1.78	−3.41	+14.09	+13.23	+14.62	+10.47
Norway	−5.98	−9.05	−13.10	−14.22	−13.53	−16.66
Spain	−3.02	−4.65	+ 5.57	+ 7.09	+ 8.34	+ 4.41
Sweden	−4.39	−5.11	+ 5.51	+ 4.94	+ 9.13	+ 5.17
Switzerland	−1.61	−3.80	+15.87	+15.49	+12.22	+ 8.15
UK	−3.83	−4.08	+ 8.87	+ 9.45	+ 9.45	+ 5.49
EUROPE	−2.52	−4.08	+ 6.93	+ 7.80	+ 8.11	+ 4.18
Australia	−1.20	−3.69	+25.16	+24.16	+28.72	+24.07
Hong Kong	−0.40	−2.73	+36.91	+39.31	+45.10	+39.83
Japan	−4.61	−7.09	− 7.37	− 4.25	+ 5.66	+ 1.82
Malaysia	−0.07	−0.32	+ 1.56	− 1.37	+ 1.01	− 2.66
New Zealand	+1.34	−4.04	+12.50	+12.01	+ 7.35	+ 3.43
Singapore	+0.12	−1.71	+23.50	+23.13	+35.56	+30.65
Canada	−0.48	−3.91	− 0.01	− 0.32	+ 3.91	+ 0.15
USA	+0.67	+2.98	+18.13	+18.24	+22.69	+18.24
Mexico	+4.93	−4.07	+127.36	+126.33	+128.05	+119.78
South Africa	−1.63	−3.68	+26.58	+26.01	+36.10	+31.16
WORLD INDEX	−1.92	−2.47	+ 6.80	+ 8.24	+13.37	+ 9.26

† Based on December 20th 1991.

By William Cochrane

CHRISTMAS spirit grips Tokyo, said Nomura International in its weekly review of the Japanese equity market at the end of last week. Perhaps it did; but last Thursday, and last week, something else had Japanese equities by the throat.

In a week when the western hemisphere was shaken by Thursday's bigger than expected rise in key interest rates in Germany, and stirred a day later by an unexpectedly large US discount rate reduction, Japan has been paying the price for stock market sluggishness and a failing futures market boom.

Its drop of 4.8 per cent last week was the biggest single reason why the FT-Actuaries World Index, expressed in local terms, declined by 1.9 per cent – although Europe, with a 2.5 per cent fall, came an important second.

Holiday lethargy came early to Tokyo, with equity trading volume low last week and likely to continue in that vein after yesterday's public holiday. There could be a flurry of activity this week if the market gets excited over the possibility of domestic interest rate cuts. But last Thursday, when the Nikkei index lost 2.8 per cent, volume stayed thin at 200m shares and kept the cash market vulnerable.

Tuesday's tightening of restrictions on futures trading brought severe weakness to the futures and options markets, and the unwinding of arbitrage positions meant that the cash market had to follow suit.

In Europe, the German interest rate move came after domestic equity trading hours on Thursday, and had relatively little time to make its impact on Frankfurt share prices. But dealers and analysts were encouraged by the Bundesbank's strong line on inflation, and the view that the authorities were still tackling the problems of growth.

It was in France that the short-term currency/interest rate risk seemed most severe. Share prices in Paris moved from a rise in the first three days of the week to a 2.8 per cent fall over Thursday and Friday. The market, thought to offer the best value in Europe on many economic criteria, was waiting fearfully for yesterday's interest rate rises, and investors were unwilling to take risks in the short term.

Meanwhile, Scandinavia eased back into general decline, led by Norway with a drop of almost 6 per cent. Optimism over the government's plans to reduce the level of wealth tax proposed in its April tax reform bill, which led Oslo to outperform in the first half of the month, was overtaken last week by weakness in the shipping and oil markets.

Sweden was weighed down last week by Ericsson, the telecommunications giant which, in the early months of 1990 in particular, had been remarkable among European blue chips for its extended strength.

Finland's 3.1 per cent fall left it the weakest bourse this year, with a drop of 17.6 per cent in local currency terms. Foreigners have fared even more painfully after the markka devaluation, with falls in sterling and dollar terms of 25 per cent and 28.5 per cent respectively.

EUROPE

Paris drops as European doomwatch continues

THE ECONOMIC doomwatch in Europe continued yesterday, *writes Our Markets Staff.*

Mr David Roche of Morgan Stanley said that the combination of last week's Bundesbank rate increases in Germany, regarded as good economic management, and the Federal Reserve's cut in the US, regarded as bad, was likely to depress bourses.

PARIS fell 2.3 per cent after an expected rise in domestic interest rates, but the bourse closed only 0.9 per cent lower as a belief took hold that prices had fallen far enough. The CAC 40 index ended 14.93 down at a 10-month low of 1,633.57, after reaching 1,610.23 earlier. Turnover remained moderate at about FFr2.5bn.

The Bank of France raised its intervention rate from 9.25 to 9.6 per cent, and its five-to-10 day lending rate from 10 to 10.5 per cent. Most big banks also increased their base rates from 10 to 10.35 per cent.

Yesterday was the last day of the monthly trading account. The most active stock was Lyonnaise des Eaux-Dumez, the utility and construction group, which dropped FFr27.20 or 6.2 per cent to a year's low of FFr409.80 in turnover of FFr133m. There was said to be one big seller of the stock.

Among the other blue-chip losers, Elf Aquitaine shed FFr10.50 to FFr373.50 in active trading and Total lost FFr20 to FFr922.

Sanofi, the pharmaceuticals company, bucked the trend, rising FFr34 or 3.6 per cent to FFr981, after the approval of its Ticlid anti-stroke drug in Australia. Sanofi has also applied for approval of Ticlid in a broader range of applications in the UK and Scandinavia.

Canal Plus was another of the day's winners, recouping the FFr16 that it lost on Friday and closing FFr18 higher at FFr946.

FRANKFURT took a studiously neutral stance on the general level of equities, the FAZ index falling just 2.62 to 626.75 at midsession and the DAX closing 3.57 lower at 1,539.62 in thin trading ahead of a three-day holiday.

Of the big, liquid blue chips, there was movement in carmakers as BMW fell DM4.50 to DM463.50 and Volkswagen by DM5 to DM288, although MAN, the engineering group, rose DM10 to DM332 on talk of Japanese buying after last week's forecast of maintained 1991-92 net profits.

Elsewhere, oversold and thinly traded stocks recovered strongly in some cases, Linotype adding DM17 to DM312 and Wella DM24 to DM544. But some former speculative favourites continued to lose ground, with Nixdorf DM6.60 lower at DM186 and Hoesch down DM10.80 at DM243.20.

MADRID weakened after a quarter-point rise in the Bank of Spain's overnight assistance and repurchase rates. The move was regarded by some as merely technical, and by others as a sign that a rise in the benchmark intervention rate – unchanged yesterday – is in the offing. The general index fell 1.03 to 231.69 in moderate turnover of about Pta11bn, down from Pta20.8bn.

MILAN ended lower in thin trading following the Italian Treasury's 0.5 percentage point rise in the discount rate to 12.0 per cent. The Comit index lost 0.92 to 490.23.

AMSTERDAM recouped most of its early losses to close at its day's high. The CBS Tendency index fell to a day's low of 86.1, but ended 0.1 down at 86.5 after a steady opening on Wall Street.

KLM gained 50 cents to Fl 40.20 after Mr Koos Andriessen, the economics minister, said that a merger between the Dutch carrier and British Airways would be a logical step.

Pirelli Tyre encountered active selling by foreign investors, but it finished above its day's low of Fl 14.60 at Fl 17.30, down 70 cents.

Flexovit, the abrasives maker, plunged Fl 10 to Fl 56 after saying that the fall in 1991 profits would be worse than expected.

BRUSSELS again relied on Gechem for its excitement. The Bel20 index slipped 1.49 to 1,071.41, but Gechem rose BFr38 or 11.7 per cent to BFr364 and its more liquid preferred shares gained BFr24 to BFr360, after last week's news that the polyurethane maker had given up control of its Foamex subsidiary in the US.

STOCKHOLM reversed a week-long slump to close with the Affärsvärlden General index 6.5 higher at 880.2. Ericsson B recovered another SKr6 to SKr99 on news of a contract to supply mobile telephone gear to Japan. Skandia rose SKr10 to SKr174 on the stakeholding plans of its Norwegian counterpart, Uni Storebrand.

OSLO's all-share index fell 3.41 to 391.35, pushed down by lower tanker rates and weak prices for North Sea oil.

VIENNA dropped 2.4 per cent to another year's low. The ATX index lost 21.39 to 884.76.

In contrast, ISTANBUL jumped 8.8 per cent on corporate forecasts and government comments on its forthcoming package designed to boost institutional buying of equities and to curb inflation. The 75-share index gained 361.14 to 4,469.47.

FT-SE Eurotrack 100 - Dec 23

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1025.29	1025.63	1026.17	1026.46	1027.15	1026.73	1027.20	1026.29

Day's High 1027.63 | Day's Low 1025.12

Dec 20	Dec 19	Dec 18	Dec 17	Dec 16
1032.92	1043.04	1055.55	1056.74	1051.15

Base value 1000 (26/10/90)

Bombay follows its own logic

R.C. Murthy analyses this year's Indian rally

INDIAN STOCK markets came back into their own yesterday as the Bombay Stock Exchange index leapt 41.84, or 2.2 per cent, to 1,915.12, for a gain of 92 per cent this year.

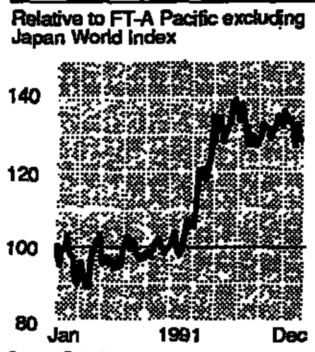
One broker said that the bears went into hiding, and that equities had escalated on information that some traders were holding huge short positions. Another bullish factor was the expectation of decontrol of industrial price structures during the next few days.

The markets started this year in a low key, with the Indian economy gripped in an external debt crisis and foreign currency reserves dipping to an all-time low to cover just three weeks' imports. In late-March, the central bank placed severe restrictions on imports in an attempt to curb the outflow of hard currency. Growth in gross domestic product (GDP) slowed down to 3 per cent from 5 per cent the previous year.

Traders, however, followed their own logic. They looked at the brighter side, at first emphasising the good corporate performance last year and later the reasonably favourable first-half results this year.

Bombay SE Index

Relative to FT-A Pacific excluding Japan World Index



Source: Datastream

The 30-share index of the Bombay Stock Exchange, India's largest exchange, which accounts for two thirds of national trading, had doubled to 1,917.9 by November 11 from a level of 956.1 on January 25, although it failed to breach the 2,000 mark.

Since then, the markets had lost steam until yesterday, and had moved within a narrow range as the Indian economy showed signs of recession after the economic reforms package introduced in July/August started biting. Yesterday's gain in the BSE index, therefore, came just as it looked as if equities had entered an uncertain phase.

The market has been supported by certain blue chips such as Birla-owned Century Textiles, which has risen on the crest of an export wave, and cement shares, which have been buoyant on good local demand.

The next two months will be a testing period for equities. They will come under pressure from Rs60bn ($2.3bn) worth of rights and public capital issues, which will reduce the liquidity. Another Rs30bn is to be drained this week from mutual funds, through the issue of shares in 31 profitable state-owned enterprises. The government is selling stakes ranging from 5 to 20 per cent to cut its budgetary deficit by a minimum Rs25bn this year.

However, the incentives of impending steel price decontrol and a relaxation in pharmaceutical price policy are keeping steel and drug company shares buoyant, offsetting the falls in several other sectors.

If the market survives the pre-budget blues in February, fundamentals should favour a smart rally. A turnround in the economy is expected to be imminent by then, and GDP growth is forecast to double to 6 per cent next year, according to the official projections presented to the International Monetary Fund.

ASIA PACIFIC

Seoul falls 2.4% to year's low

GLOOM undermined Seoul yesterday, but most Pacific Rim markets were quiet in the absence of Tokyo, which was closed for the Emperor's birthday, and the approach of Christmas.

SEOUL dropped 2.4 per cent to a year's low in anticipation of the settlement of margin loan accounts early next month. The composite index lost 14.50 to 586.51, in spite of intervention by the market stabilisation fund and institutions. The previous 1991 low was 590.97 on June 22.

Turnover grew to Won226bn from Saturday's Won147bn.

TAIWAN rose, but profit-taking pulled it off the day's highs after Saturday's election victory for the ruling political party. The weighted index, which gained more than 90 points early in the session, closed a net 11.71 up at 4,459.75 in active trading worth T$24.6bn, up from T$19.5bn.

NEW ZEALAND was encouraged by a decline in the local dollar. The NZSE-40 index gained 14.98 or 1 per cent to 1,455.75 in turnover of NZ$27m, up from NZ$17m. Telecom put on 7 cents to NZ$2.60 in volume of 1.4m shares.

AUSTRALIA edged lower in quiet trading. The All Ordinaries index slipped 4.7 points to 1,568.8 in turnover of A$237m, down from A$315m.

More than 11.1m shares in National Australia Bank were traded before the stock goes ex the dividend today. The share price retreated 14 cents to A$8.03. BHP fell 18 cents to A$12.84 after Friday's results.

SINGAPORE firmed after cuts in prime rates by two leading banks, but profit-taking eroded gains. The Straits Times Industrial index closed 3.78 ahead at 1,430.61 and volume expanded from 17m shares to 23m.

HONG KONG ended slightly higher after early hopes of an interest rate cut faded. The Hang Seng index gained 3.51 to 4,146.12 as turnover fell to HK$947m from HK$1.3bn.

SOUTH AFRICA

GOLD SHARES firmed in an otherwise lethargic Johannesburg market. The all-gold index added 14 to 1,174 on slightly higher world bullion prices. But the industrial index fell 7 to 4,098 and the all-share index lost 2 to 3,408.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 23 1991								FRIDAY DECEMBER 20 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	143.45	−2.1	113.34	114.71	112.88	125.42	−0.8	4.43	146.46	116.74	118.08	116.84	126.39	160.31	112.74	117.62
Austria (20)	166.46	+1.3	131.51	133.11	130.98	131.19	−1.2	2.20	164.30	130.96	132.47	131.07	132.81	222.37	153.86	193.42
Belgium (47)	141.34	+1.3	111.67	113.01	111.22	108.93	+0.1	5.44	139.49	111.18	112.46	111.28	108.87	151.20	118.04	128.92
Canada (115)	131.04	+0.6	103.54	104.78	103.11	110.07	+1.1	3.33	130.23	103.80	104.99	103.89	108.92	144.28	126.49	129.05
Denmark (37)	265.08	+1.6	209.44	211.97	208.59	213.26	+0.4	1.68	260.99	208.03	210.43	208.21	212.45	270.56	217.74	224.71
Finland (15)	74.19	+0.6	58.62	59.33	58.38	64.38	−0.4	3.79	73.72	58.76	59.44	58.81	64.67	125.15	73.32	101.48
France (109)	140.43	+0.5	110.95	112.28	110.49	114.00	−0.9	3.88	139.78	111.42	112.69	111.50	115.06	152.26	119.11	130.80
Germany (65)	115.00	+1.0	90.86	91.97	90.49	90.49	−0.4	2.56	113.84	90.74	91.79	90.81	90.81	125.35	94.15	110.62
Hong Kong (55)	170.29	+0.0	134.54	136.17	134.00	169.87	+0.0	4.38	170.33	135.77	137.33	135.89	169.92	176.14	119.62	123.28
Ireland (16)	163.09	−0.1	128.86	130.42	128.33	131.06	−1.1	3.83	163.25	130.12	131.62	130.24	132.54	182.46	132.88	145.79
Italy (77)	72.48	+1.5	57.27	57.95	57.03	62.15	−0.1	3.73	71.43	56.93	57.58	56.98	62.20	88.23	64.76	76.16
Japan (474)	128.09	+0.8	101.20	102.43	100.81	102.43	+0.0	0.83	127.04	101.26	102.43	101.36	102.43	146.97	118.23	126.30
Malaysia (68)	208.55	+1.0	164.77	166.75	164.09	219.31	+0.8	2.65	206.50	164.60	166.49	164.74	217.64	247.78	189.18	209.43
Mexico (17)	1288.13	+0.3	1017.73	1030.03	1013.59	4282.88	+0.3	1.20	1284.51	1023.87	1035.65	1024.76	4270.82	1404.63	534.45	583.97
Netherland (31)	149.59	+1.1	118.19	119.61	117.71	116.54	−0.2	4.63	148.00	117.97	119.33	118.08	116.76	149.59	125.70	131.10
New Zealand (14)	45.71	+1.8	36.12	36.56	35.97	44.62	+1.6	6.16	44.90	35.79	36.20	35.82	43.92	54.64	41.18	43.05
Norway (30)	169.95	−0.2	134.27	135.90	133.73	138.00	−1.3	1.87	170.23	135.69	137.25	135.81	139.65	223.24	157.08	193.70
Singapore (38)	209.62	+0.7	165.62	167.62	164.94	157.12	+0.0	2.22	208.08	165.86	167.77	166.00	157.11	213.93	151.63	158.27
South Africa (61)	242.26	+1.0	191.41	193.71	190.62	171.65	+0.0	2.87	239.88	191.20	193.40	191.37	171.64	271.99	173.00	181.92
Spain (53)	147.91	+1.0	116.86	118.28	116.39	108.41	−0.3	5.10	146.51	116.78	118.13	116.88	108.77	171.12	131.51	138.58
Sweden (25)	172.37	+2.8	136.19	137.84	135.64	141.30	+1.4	3.16	167.69	133.67	135.21	133.79	139.33	204.12	146.60	155.90
Switzerland (59)	97.27	+1.1	76.85	77.78	76.55	81.11	−0.1	2.47	96.18	76.67	77.55	76.74	81.19	100.67	82.17	87.00
United Kingdom (235)	175.31	+0.3	138.51	140.17	137.93	138.51	−0.6	5.38	174.76	139.30	140.89	139.41	139.30	187.44	156.27	161.67
USA (525)	161.64	+2.5	127.71	129.26	127.20	161.64	+2.5	3.02	157.63	125.65	127.10	125.76	157.63	161.64	125.95	133.31
Europe (821)	141.17	+0.7	111.53	112.88	111.09	112.02	−0.4	4.30	140.16	111.72	113.01	111.82	112.51	151.52	125.50	131.88
Nordic (107)	178.39	+1.8	140.94	142.64	140.37	139.77	+0.6	2.31	175.21	139.66	141.26	139.78	138.98	200.81	155.55	162.50
Pacific Basin (718)	129.56	+0.7	102.36	103.60	101.95	104.94	+0.0	1.16	128.68	102.57	103.75	102.66	104.96	145.92	117.86	125.54
Euro-Pacific (1539)	134.51	+0.7	106.27	107.55	105.83	108.50	−0.2	2.48	133.57	106.47	107.69	106.56	108.71	147.66	121.29	128.47
North America (640)	159.70	+2.4	126.17	127.71	125.68	158.13	+2.5	3.03	155.88	124.25	125.70	124.38	154.32	160.44	125.91	132.95
Europe Ex. UK (586)	120.54	+1.0	95.24	96.41	94.87	96.72	−0.3	3.51	119.33	95.12	96.23	95.22	97.06	129.80	103.58	113.63
Pacific Ex. Japan (244)	144.01	−0.6	113.78	115.17	113.32	129.13	−0.2	4.11	144.87	115.48	116.82	115.59	129.35	153.19	111.40	115.93
World Ex. US (1732)	136.24	+0.7	107.64	108.95	107.21	110.26	−0.1	2.50	135.30	107.84	109.09	107.94	110.42	148.16	122.32	129.27
World Ex. UK (2022)	140.78	+1.5	111.22	112.58	110.78	124.87	+1.0	2.39	138.68	110.54	111.82	110.65	123.60	146.16	120.06	126.51
World Ex. So. Af. (2196)	143.15	+1.4	113.10	114.47	112.65	125.78	+0.9	2.69	141.18	112.53	113.84	112.64	124.70	148.66	122.92	129.31
World Ex. Japan (1783)	153.45	+1.6	121.24	122.71	120.76	139.49	+1.2	3.51	150.98	120.34	121.74	120.47	137.78	155.59	126.69	132.84
The World Index (2257)	143.79	+1.4	113.60	114.98	113.15	126.19	+0.9	2.70	141.82	113.04	114.35	113.15	125.11	149.37	123.28	129.63

Japanese market closed December 23.